Austria	[illegible]	Indonesia	[illegible]	Pakistan	Rs35
Bahrain	[illegible]	Iran	[illegible]	Philippines	Pes40
Belgium	[illegible]	Israel	[illegible]	Poland	[illegible]
Cyprus	[illegible]	Italy	L2000	Portugal	[illegible]
Denmark	[illegible]	Jordan	[illegible]	Qatar	[illegible]
Egypt	[illegible]	Kuwait	[illegible]	S.Arabia	[illegible]
Finland	[illegible]	Lebanon	[illegible]	Singapore	S$4.10
France	[illegible]	Lux	[illegible]	Spain	[illegible]
Germany	[illegible]	Malaysia	[illegible]	Sweden	SKr12
Greece	[illegible]	Morocco	[illegible]	Switz	[illegible]
Hong Kong	[illegible]	Neth	Fl 3.25	Thailand	[illegible]
Hungary	[illegible]	Nigeria	[illegible]	Tunisia	[illegible]
Iceland	[illegible]	Norway	[illegible]	Turkey	L2000
India	[illegible]	Oman	OR1	UAE	[illegible]

EUROPE'S BUSINESS NEWSPAPER

FINANCIAL TIMES

FT No. 31,198

Friday July 13 1990

D 8523A

MEXICO

Companies trust in life after debt

Page 17

World News

Communists stunned as Yeltsin quits ruling party

Boris Yeltsin stunned the ruling Soviet Communist Party congress yesterday by announcing his resignation from the party, as the split in its ranks became a reality.

Yeltsin, president of the Russian parliament and the most popular politician in the Soviet Union, announced his decision only an hour before radical leaders of the Democratic Platform also stated their determination to leave the party. The twin blows came as the Soviet leader had appeared to consolidate his position. Page 22

Iraq executes Swede

Sweden recalled its ambassador from Iraq after Baghdad, ignoring appeals for clemency, hanged an Iraqi-born Swedish citizen accused of spying for Israel. Page 6

Coup claim denied

A radical Soviet general dismissed speculation of a possible military coup, saying that the army "from top to bottom" backed President Mikhail Gorbachev. Page 2

Return to work

A 10 day general strike in Nicaragua, which had brought the country to the verge of civil war, came to a sudden end after the Government gave in to a series of key union demands. Page 4

Hijacker sent home

Sweden said it would honour Moscow's request to extradite a 17-year-old boy who commandeered a flight to Stockholm in June. It hoped the action would help end a spate of Soviet airline hijackings.

Refugees arrive

Five ferries were en route to southern Italy, chartered by Italy, West Germany and France, to help retrieve thousands of Albanian refugees fleeing their hard-line communist state. Feature, Page 22

Kenyan appeal

The wives of several lawyers and government critics of President Daniel arap Moi's one-party rule in Kenya have appealed to Mr Nelson Mandela to help secure their husbands' freedom. Page 6

Nigerians protest

Demonstrators clashed with riot police in Lagos following the announcement last week that Maroko, a shanty town which is home to 250,000 people, is to be demolished. Page 6

Mohawk stronghold

Hundreds of police moved into the Quebec town of Oka and surrounded a band of defiant Mohawk Indians intent on stopping the building of a golf course on their ancestral homeland.

Japan delighted

Japanese officials, politicians, businessmen and commentators have expressed delight with how they believe Japan asserted itself at the Houston summit. Page 4

Insects 'kill 30'

A mysterious, diamond-shaped insect whose bite can kill within four hours has claimed the lives of at least 30 people in flood-prone Bangladesh in the past month, doctors and newspapers said.

E German hand over

East Germany extradited two West German guerrilla suspects sheltered for years by the country's former communist leaders. The two are alleged members of the left-wing Red Army Faction.

Honours stripped

The East German city of Potsdam has discovered to its embarrassment that Adolf Hitler and Hermann Goering are still honorary citizens. It plans to revoke the titles as quickly as possible.

Business Summary

Japan's trade surplus shows sharp increase

Japan's trade surplus for June rose by 27.6 per cent to $6.7bn reversing a long-term fall in the surplus, and raising concern in Japanese government that trade friction will also increase in coming months. Exports for the month increased by 4.7 per cent from a year earlier to $23.7bn, while imports fell by 2.2 per cent to $17bn. Page 22

NIGERIA is becoming ever more reliant upon its oil sector despite efforts to boost non-oil exports, according to figures released by the country's Central Bank. Page 6

IMPERIAL Chemical Industries of Britain and Enimont of Italy denied they were in talks about a possible sale of European Vinyls, their jointly owned plastics business, with Occidental Petroleum of the US. Page 23

TEXTILE companies in Europe and the US have agreed on proposals for the end of the Multi-Fibre Arrangement and formation of an international body to regulate liberalisation of world textile trade. Page 3

HAWKER SIDDELEY, diversified engineering group, warned that profits in 1990 would be significantly below pre-tax profits of £202m ($361m) for 1989. Page 23; Lex, Page 22

KARL OTTO POEHL, President of West German Bundesbank, stressed need for rapid changes in the East German economy to promote competition and provide jobs. Page 2

COMPUTER Associates International, one of world's leading makers of software programs for mainframe computers, warned that its revenues in the quarter ended in June fell "significantly" short of earlier levels. Page 23

CHINA has been told by Japan that a Y810bn soft loan package has been unfrozen and that bilateral business can be conducted. Page 4

TEXACO, US-based oil company, announced plans for a £450m ($805m) power station based at its oil refinery in Pembroke, South Wales. Page 22

BAA, British airports operator, is bidding with several prominent Canadian investors for redevelopment of a number of North American airports starting with Toronto's Pearson International. Page 23

REMY & ASSOCIES, distribution and diversification arm of Rémy Martin, French cognac house, unveiled a 43 per cent rise in net profits for the 12 months to the end of March. Page 24

HUNGARIAN privatisation took concrete shape when an economic daily published a leaked list of 38 companies destined for the first wave of asset sales. Page 23

ARGENTINA is due to announce its privatisation of 85 per cent of the state-run airline Aerolineas Argentinas. Page 26

MITSUBISHI Mining & Cement of Japan is to buy Dillingham Construction Guam of US for an undisclosed price estimated in Tokyo at Y4bn ($26m). Page 27

SPAIN's inflation rose less than expected last month adding to pressures to lower interest rates and weaken a high peseta. Page 2

CANADA's foreign-owned banks lifted their combined profits by 21 per cent in six months to April 30. Page 26

FT Managed Funds Service: From today listings of Money Market Trust Funds and Money Market Bank Accounts appear on the Currencies, Money and Capital Markets page. Page 42.
In consequence the crossword on Mondays will move to the back page of Section Two.

Ridley's future in doubt over remarks on Germany

By Philip Stephens and Ralph Atkins in London and David Marsh in Bonn

MR Nicholas Ridley, Britain's Trade and Industry Secretary, yesterday put his future in serious doubt as an outspoken attack by him on West Germany and the European Community sparked a political furore in Britain and provoked anger and dismay in Bonn.

Despite an immediate retraction of his comments, made in a magazine interview, about a "German racket designed to take over the whole of Europe," Conservative Party MPs and ministers privately joined fierce opposition calls for his resignation.

The West German Government condemned Mr Ridley's remarks as "unprecedented," "insulting", "scandalous" and "incomprehensible."

Mr Lutz Stavenhagen, Minister of State at the Chancellor's Office, said Mr Ridley had "discredited the whole of the European Community."

Mr Stavenhagen said Mr Ridley's remarks were in "crass contradiction" to the conclusions, backed by the UK, of the Dublin EC summit last month calling for greater economic integration. Officials said that Mr Stavenhagen's reaction – issued in an exceptionally stern five-point statement – was not changed by Mr Ridley's retraction of his remarks yesterday morning.

Bonn officials were careful not to call for Mr Ridley's resignation, stressing that this was a matter for the British Government to decide. But the Bonn Government clearly expects that Mr Ridley will have to step down if Mrs Margaret Thatcher, Britain's Prime Minister, is to avoid further damage to already strained Anglo-German relations.

At a crowded meeting in London last night of Conservative MPs, several of the Government's supporters said that Mr Ridley must now stand down from the Cabinet. The same message was being conveyed privately to party managers by a growing number of Tory MPs.

Mrs Thatcher distanced herself from Mr Ridley's remarks – which included references to Hitler and to concentration camps and labelled the European Commission as the home for "17 unelected reject politicians."

In response to calls from Mr Neil Kinnock, the opposition Labour Party leader, that she should dismiss Mr Ridley from the Cabinet, she told a packed and tense House of Commons that: "They (Mr Ridley's views) do not express the Government's view – or indeed my own."

Her comments came after Downing Street had told the Trade Secretary – who returns today from an official tour of Hungary – to retract the sentiments expressed in the interview.

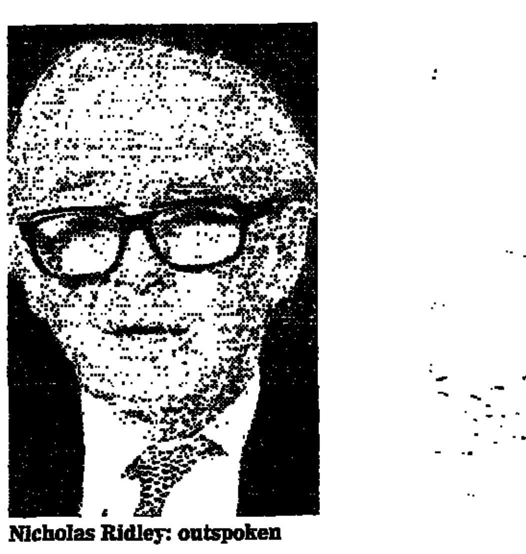
In response, Mr Ridley issued a statement through his department stating that: "On reflection, I very much regret the remarks... and unreservedly withdraw them."

Mr Ridley's comments were published in yesterday's issue of the Spectator magazine. In the interview, Mr Ridley – a loyal supporter of the Prime Minister with a reputation as a political maverick – was asked by editor Dominic Lawson, son of Mr Nigel Lawson, the former Chancellor of the Exchequer, about European monetary union.

Mr Ridley declared: "This is all a German racket designed to take over the whole of Europe. It has to be thwarted.

"This rushed takeover by the Germans on the worst possible basis, with the French behaving like poodles to the Germans, is absolutely intoler-

Continued on Page 22
European reactions, Page 7; Editorial comment, Observer, Why Britain should copy Germany, Page 20



Nicholas Ridley: outspoken

US markets rally on hope of drop in interest rates

By Peter Riddell in Washington and Janet Bush in New York

US MARKETS rallied strongly yesterday on hopes that interest rates would fall soon following suggestions that the US Federal Reserve may ease monetary policy.

Mr Alan Greenspan, Federal Reserve chairman, indicated yesterday that the Fed might have to ease policy to offset an unintended tightening in credit conditions by the commercial banks. The Fed "did not think tightening at this stage would be desirable and as a consequence may have to act to offset [the squeeze]," he said.

Mr Greenspan's comments were taken in the markets as the first admission by the Fed that a credit crunch has indeed emerged and also as a hint that the central bank had acceded to the Administration's desire for lower interest rates in return for its reversal on President George Bush's "no new taxes" pledge recently.

At midsession in New York, the Treasury's benchmark long bond was quoted ¼ point higher to yield 8.51 per cent, while on the stock market the Dow Jones Industrial Average was quoted 11.63 points higher at a record 2,944.30.

The dollar, which had been rising on relief that no statement on boosting the Japanese yen had emerged from the Houston economic summit, slumped to Y147.25 at midsession from an earlier high of Y149.50.

Mr Greenspan made clear in Congressional testimony yesterday that the Fed did not believe the US economy was eroding and therefore did not think that monetary easing was required.

Instead, there was some evidence that bank loan rates were moving up independent of any action taken by the Fed or any desire by the central bank for tighter money.

This tightening of credit market conditions "of modest dimensions" may reflect a reduced willingness by commercial banks to make loans available as a result of problems with parts of existing loan portfolios, he said.

The Fed was monitoring the situation day-by-day and was also attempting to evaluate the "very significant" slowing in the growth rate of M2, the main monetary measure. A substantial portion, "but not all," of M2's sluggish growth is attributable to the refinancing of deposits involved in the rescue of the savings and loan industry.

Mr Greenspan's comments were made in the course of Congressional testimony about reform of the bank deposit insurance system and changes in bank capital requirements.

He called for higher capital requirements for banks as part of a package allowing them to extend the scope of their financial activities. He recognised that this might mean tighter credit conditions for some borrowers and the Fed would have to consider the implications for overall monetary policy.

The proposed new capital requirements would go beyond the international risk-based minimum capital standards set to be phased in at the end of this year, and take full effect in 1992. Most US banks had already made the adjustment required to meet this standard, but "the prospective increasingly competitive environment suggests that the minimum level of capital called for by the 1992 requirements may not be adequate, especially for institutions that want to take on additional activities."

As a result of the safety net "too many banking organisations have travelled too far down the road of operating with modest capital levels. It may well be necessary to retrace our steps and begin purposefully tomove to capital requirements that would, over time, be more consistent with what the market would require if the safety net were more modest."

Higher capital, he suggested, should go a long way towards inducing market-like behaviour by banks. As long as a significant safety net existed, additional inducements would be needed through an intensification of supervisory efforts to deter banks from maintaining returns on equity by acquiring riskier assets.

Markets, Section II; Lex, Page 22

Fed chairman Alan Greenspan: offsetting the squeeze

US move to curb telephone pricing could save $3bn

By Hugo Dixon in London

PROPOSALS to cut the price of international telephone calls by half, which could save US consumers $3.5bn a year, were announced by the US telecommunications authorities yesterday.

Mr Alfred Sikes, chairman of the Federal Communications Commission, said that competition and technological progress had "revealed a cartel-like pricing and profit-sharing arrangement" on international calls which was leading to a significant transfer of wealth out of the US.

He referred to an investigation by the Financial Times earlier this year, which showed that consumers across the world were being overcharged by more than $10bn a year for international calls.

The commission has proposed reforms of the complex accounting rates system which determines how the revenue from international calls is shared between the world's telephone companies. An accounting rate is the amount that US telephone companies pay their foreign counterparts for delivering calls to their final destination. The system penalises any country which cuts its international prices by passing over to foreign telephone companies a larger share of the revenue.

The commission said that the accounting rates were about twice costs and it was proposing three-stage reforms to bring the rates down.

First, it proposes that US companies such as AT&T, MCI and US Sprint, should be allowed to negotiate lower rates with their foreign counterparts without having to obtain the commission's approval. Second it is proposing that any more complex changes in accounting rates should be allowed to proceed provided the phone companies promise to cut the prices they charge consumers. Third, as a last resort, the Commission may seek to impose lower accounting rates unilaterally on the telephone companies.

The commission's move follows the launch of inquiries by the European Commission and the UK's Office of Telecommunications.

US telephone users spend about $7bn on international calls a year, hence the potential savings of $3.5bn if a 50 per cent cut can be achieved.

The US has borne the brunt of the present system because calls from the US to foreign destinations are on average 25 per cent cheaper than incoming calls.

The US faced a $2bn deficit from international calls in 1988, of which the FCC believes $1bn represents an overpayment by US consumers to foreign telephone companies.

Mr Sikes said reform would be difficult and would involve co-operation with other Government agencies.

FT Telecommunications Conference, Page 2

GTE in agreement to acquire Contel for $6.25bn of stock

By Roderick Oram in New York

GTE, the US independent telephone group, agreed yesterday to acquire Atlanta-based independent Contel for $6.25bn in stock in the largest takeover Wall Street has seen for a year.

The takeover will create a US telephone company rivalling in size the seven Baby Bell regional companies formed by the 1984 break-up of American Telephone and Telegraph.

The news sparked a rally of local and cellular telephone company stocks. Further consolidation of independent telephone companies is likely, analysts believe, but there are no targets as large as Contel which has 2.6m access lines and annual revenues of more than $3bn.

Unlike other deals the takeover is not hampered by the severe shortage of bank and bond market money for acquisitions. GTE is offering 1.27 of its shares for each Contel share. Its stock fell $2⅛ to $28¾ while Contel's jumped $6⅞ to $34⅞.

"It is a good price. I can't see anyone else offering more," said Mr James McCabe of Nomura Research.

A counter-bidder is also considered unlikely given the friendly nature of the deal struck between GTE and Contel and GTE's strength. It is already the biggest independent telephone company by far with 15.4m lines in the US and another 2.3m in Canada and the Dominican Republic.

It derived some 70 per cent of its $17.4bn in 1989 revenues from telephones, with the balance coming from its Sylvania range of lighting products and from precision materials.

With telephone companies enjoying a monopoly in each area they serve, there will be no duplication of local services in the 31 states GTE serves and 30 Contel serves. With the two companies combined, only three of the Baby Bells have more access lines.

The takeover will also create the second largest cellular telephone service company after McCaw Cellular Communications in which British Telecommunications has a 20 per cent stake. Franchises of the enlarged GTE will cover some 50m people only slightly fewer than in McCaw's territories.

The GTE-Contel deal "is a very natural development in this industry," said Mr Lap Lee, an analyst with Gordon Capital.

Likely candidates are Centel, Rochester Telephone and Southern New England Telecommunications. United Telecommunications is bigger even than Contel but it is dominated by its ownership of US Sprint, the third largest US long distance network after AT&T and MCI Communications.

Unlike the Baby Bells which are restricted to offering only local telephone services, independent companies such as United Telecom and GTE are allowed to provide long distance services as well.

The takeover by GTE "will provide the critical mass and financial strength Contel has sought" to speed up its many telecommunications ventures, Mr Charles Wohlstetter, Contel's chairman, said yesterday.

CONTENTS

Tokyo's new political fixer restores LDP fortunes

Ichiro Ozawa (left) is the youngest of a new generation of Japanese politicians which has flowered since the Recruit scandal. He was the man chosen to renew the ruling party's links with big business.
Page 6

MARKETS

STERLING
New York lunchtime:
$1.8145
London:
$1.796 (1.7985)
DM2.9725 (2.9675)
FFr9.9725 (9.9625)
SFr2.52 (2.5225)
Y267.25 (267.25)
£ index 93.3 (93.5)

GOLD
New York: Comex Aug
$359.5 (355.6)
London:
$351.75 (354.25)

N SEA OIL (Argus)
Brent 15-day Aug
$16.5 (16.30)

Chief price changes yesterday: Page 23

DOLLAR
New York lunchtime:
DM1.63675
FFr5.4955
SFr1.3905
Y147.25
London:
DM1.6555 (1.6505)
FFr5.5625(5.54)
SFr1.4035 (1.403)
Y148.75 (148.65)
$ index 66.0 (65.7)
Tokyo close: 148.9

US lunchtime rates
Fed Funds 8¼%
3-mo Treasury Bills:
yield: 7.92%
Long Bond:
102 17/32
yield: 8.507%

STOCK INDICES
FT-SE 100:
2,370.5 (+10.0)
FT Ordinary:
1,870.1 (−7.6)
FT-A All-Share:
1,164.78 (+0.4%)
New York lunchtime:
DJ Ind. Av.
2,939.11 (+6.44)
S&P Comp
361.49 (+0.26)
Tokyo: Nikkei
32,575.32 (+281.14)

LONDON MONEY
3-month interbank:
closing 14 31/32% (14 15/16)
Life long gilt future:
Sep 84 15/32 (84)

EUROPEAN NEWS

Ligachev: the last charge of an old Communist war-horse

By Quentin Peel in Moscow

MR Yegor Kuzmich Ligachev, the man the liberals love to hate, promised to speak his mind at the 28th congress of the Soviet Communist Party. And when he did, the delegates loved it.

He denounced any form of private property being included in the party platform. He warned against any headlong rush into a market economy. He spoke bitterly of German unification being in reality West Germany swallowing the east. And he accused his colleagues in the Soviet leadership – by implication Mr Mikhail Gorbachev himself – of "thoughtless radicalism, improvisation and swinging from side to side" in the five years of perestroika.

"I believe the party will remain Marxist-Leninist," he declared. In an obvious attack on Mr Alexander Yakovlev, the leading radical in the politburo, he said: "Some people have started talking about perestroika going ahead with or without the (Communist) party. I think that perestroika without the party is hopeless."

For that, he won by far the biggest ovation of the congress, repeated applause, and the obvious admiration of the conservative majority. He was the darling of the day.

Yet when the vote was announced for the deputy leadership of the party, the new post of deputy secretary general, Mr Ligachev came a very poor second to the colourless Mr Vladimir Ivashko, the former Ukrainian party leader, and Mr Gorbachev's compromise candidate for the job. He got only 776 votes in favour, while an extraordinary 3,642 voted against him.

The decision was popular enough on Moscow's streets. "One Kuzmich is more than enough," a taxi driver remarked, referring to the fact that Mr Ivan Kuzmich Polozkov, another arch-conservative, was elected leader of the new Russian Communist Party last month.

As far as the party congress was concerned, however, it is much more difficult to explain.

It is easy enough to understand why Mr Ligachev is popular with the party faithful. It is also in character that he should have spoken his mind.

"Many people believe that the conservatives at this congress are simply full-time bureaucrats trying to protect their party jobs," according to a senior central committee official. "That is not the whole story. These are people who have believed in an ideology all their lives, and now it is all being called into question.

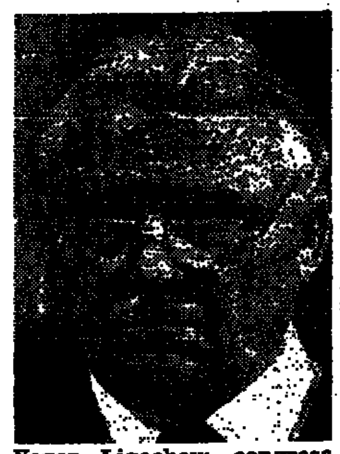
"When they hear Yegor Kuzmich speaking, he answers the fear in their hearts: he is prepared to speak up and reassure them that the old ideology is still intact and worth fighting for. That is why they love him."

There were three ways in which Mr Gorbachev and his allies undermined the old war-horse. Speaker after speaker mentioned that he was in his 70th year, an embarrassing reminder of the old gerontocracy under Mr Leonid Brezhnev. Even if they want to be conservative, the party bureaucrats know they need a better image.

Then, Mr Gorbachev made it painfully clear that Mr Ivashko, a pragmatic conservative of the new school, was his candidate, and he would find it hard, if not impossible, to work with anyone else. Once again, he used his personal stature, and the bitter reminder that the party has no one to replace him, to push an unwilling congress his way.

Finally, and perhaps most importantly, it was clear that Mr Ligachev was a divisive candidate. At a time when the conservatives were themselves rallying to the cry of "consolidation," they could scarcely turn round and precipitate the split.

They may yet regret it, for the party and its ideology will never be the same again. But in the end their ingrained party discipline, and desperation to maintain a semblance of unity, overcame their natural inclinations. They were confined to the clapping.



Yegor Ligachev: congress darling only for a day

Pöhl calls for rapid E German action to boost competition

By Andrew Fisher in East Berlin

MR KARL OTTO POHL, president of the West German Bundesbank, yesterday stressed the need for rapid changes in the East German economy to promote competition and provide jobs.

"Radical structural change in the East German economy as soon as possible is absolutely unavoidable if there is not to be a high volume of unemployment," he said, after the central bank's first council meeting in East Berlin.

While expressing satisfaction at the relative smoothness with which the D-Mark had been introduced into East Germany, Mr Pöhl said it was inconceivable that uneconomic jobs in East Germany should be financed over the long term by West German tax revenues.

"The real problem is the profitability, the competitiveness of the East German economy. As everyone knows, companies are often producing the wrong products for the wrong markets and costs, which are out of line with market levels."

This issue was at the centre of the central bank council's discussions yesterday involving Mr Lothar de Maizière, the East German Prime Minister, Mr Theo Waigel, the West German Finance Minister, and Mr Walter Romberg, his East German counterpart. Mr Pöhl said this central economic question went beyond the provision of liquidity for consumers and companies, for which the Bundebank is now responsible in both Germanys.

East Germany had to create the conditions under which companies from West Germany, western Europe, the US, Japan and elsewhere would invest there, Mr Pöhl said. He expressed confidence that the necessary investments would take place, but his statement seemed designed to edge the East German government towards faster, more far-reaching economic action.

He pointed to the East German retail sector as one where the free market had not been able to penetrate properly. Asked if East Germany was in danger of keeping too much interventionism and regulation, Mr Claus Köhler, a Bundesbank director, said: "Currency union only occurred 12 days ago." This had followed 40 years under the old system. "You can't pass judgment on people who have been used to a planned economy for 40 years. The process needs patience."

Describing implementation of currency union, Mr Pöhl said it had been achieved with less friction than he expected. The Bundesbank had sent DM25bn (£8.4bn) in cash into East Germany. Less than half of this had been withdrawn. People were mostly being sensible with their new D-Marks.

He repeated earlier assurances that price stability could be preserved in both Germanys, though he was concerned about some recent wage deals in West Germany and price trends in construction, partly aggravated by too much subsidising of home-building in West Germany.

Mr Pöhl also said that East German wage negotiators seeking high settlements should be aware that they were also influencing employment levels. "The competitiveness of East German companies depends to a large extent on the size of wage costs."

● West German banks are reluctant to lend to East German companies, currently struggling with liquidity problems, according to a survey by the Handelsblatt newspaper. The banks say it is too early to judge companies' survival prospects and immediate aid should come mainly from the public sector.

Mr Pöhl (left) with Prime Minister Lothar de Maizière at yesterday's Bundesbank meeting in East Berlin

Red Army chief denies coup claim

By Leyla Boulton in Moscow

A RADICAL Soviet general yesterday dismissed speculation of a possible military coup, saying that the army "from top to bottom" backed President Mikhail Gorbachev.

Colonel-General Dimitri Volkogonov, a historian and deputy leader of the Russian parliament, said the armed forces had "no putschist traditions".

"This is not Latin America," he told a news conference. "Sometimes higher-ranking officers express conservative opinions, but that is their personal point of view."

The general was referring to a strong warning earlier this month by 47 prominent politicians, scientists and army officers of a potential military dictatorship.

"The army most of all is worried about social welfare," said the general, who is the most senior supporter in uniform of Mr Boris Yeltsin, the Russian President.

His remarks coincided with an angry letter from 83 military figures from across the political spectrum complaining about the coup warning and calling for better living conditions.

"The Army needs to be protected from moral and psychological pressures from those who try to present the army as the main threat to democracy," said the letter, published yesterday by Red Star, the army newspaper.

Delors plans Moscow trip to discuss EC aid

Mr Jacques Delors will next week make his first visit to Moscow as European Commission president, writes David Buchan in Brussels. He will discuss with Soviet leaders how the EC can help their economic reforms.

The west has launched two studies of how it might aid the Soviet Union, one of them coordinated by the Commission and the other under the aegis of the International Monetary Fund. But the EC is working to a tighter deadline. Member states have instructed their Brussels executive to produce proposals by late October, while this week's Houston summit calls for completion of the IMF-led study by the end of the year.

Since none of the international economic organisations now probing the Soviet economy has Moscow as a member, they are all short of expertise on the Soviet economy. In its scramble for such expertise, the Commission is hoping to find academic experts on the Soviet economy that it can sign up to work this summer.

While the shape of any EC aid package is hazy in the extreme, Soviet diplomats here suggest that one element could be to speed up the removal of EC quotas on Soviet goods.

● Armenian militants killed three people and wounded 24 when they ambushed a convoy in the disputed territory of Nagorno-Karabakh in the Caucasus, Reuter reports from Moscow.

Italy to use EC presidency to lead move for federal Europe

By Tim Dickson in Strasbourg

MR Gianni De Michelis, Italy's Foreign Minister, yesterday promised that his country's presidency of the EC would be marked by a major shift towards a federal Europe.

In a speech on Italy's ambitions for its six month tenure in the chair, he told MEPs in Strasbourg that Italians "by tradition and profound conviction, are partisans of the Federal model," and "would make every effort to assure that the greatest degree of sovereignty is shifted towards the Community institutions."

His generally upbeat assessment of the task ahead – which will witness the start of key inter-governmental conferences in December on Economic and Monetary Union (EMU) and on political union – included a commitment that Italy will bring forward a draft treaty amendment in time for the conference on EMU – "where preparations are well advanced."

Mr De Michelis added that it was his intention to produce what he described as "a kind of Delors report on monetary union" to help the gathering debate on institutional reform.

Illustrating his enthusiasm for more powers to be ceded to EC institutions, Mr De Michelis said it was important to increase the EC's efficiency and that this "raises the question of introducing majority voting in the Council of Ministers as a general rule," as well as bolstering the enforcement powers of the European Commission and other institutions such as the Court of Auditors and the Court of Justice.

In an earlier reference – likely to irritate the British Government – he specifically supported majority voting on social questions, which currently have to be adopted unanimously.

Mr de Michelis will have pleased his audience with his reference to the European Parliament as the "natural guarantor of legitimate democracy."

Mr Jacques Delors, however, addressing MEPs late yesterday afternoon, notably refused to comment on the sensitive issue of strengthened powers for the Strasbourg assembly.

Romania struggles to step up pace of reform as output and exports fall

By Judy Dempsey

A SHARP reminder of the need for Romania to speed up economic reforms came yesterday with the publication of industrial production figures for the past six months which showed consistent falls in output and exports.

Mr Petre Roman, the Prime Minister who was sworn in last month, told cabinet that the government would be forced to end subsidies and rely more on initiative and competition to revive the economy.

The economy, which was one of the most highly centralised in eastern Europe until Mr Nicolae Ceausescu, the former President, was ousted from power in a bloody revolution last December, has failed to improve in any area.

During the first six months, industrial production fell by more than 18 per cent and output was worth 532bn lei (£15bn) compared to 656bn lei (£19bn) over the same period last year. Imports, consisting mostly of crude oil and food, rose 46 per cent in the first six months of 1990, while exports fell 43 per cent.

When the first-quarterly figures were published, the ruling National Salvation Front blamed the sharp fall in industrial production on the dislocation caused by the revolution.

The NSF, which was catapulted into power following the overthrow of the Ceausescu regime and which won a landslide victory in the elections, remained reluctant to introduce any structural reforms.

Instead, it concentrated on providing the population with heating, electricity and food which was severely rationed during the 1980s.

Last month, when Mr Roman formed a cabinet dominated by the NSF, he promised to introduce radical reforms.

The first tentative stages were made on Wednesday when the government lifted subsidies on crude oil, doubled the price of petrol, and increased the prices on luxury goods, newspapers, books and mineral water.

Immigration set to meet OECD labour needs

By Ian Davidson in Paris

IMMIGRATION is likely to be an important source of labour supply in industrialised countries, offsetting the projected slow-down in the growth of the indigenous working population, according to the Organisation for Economic Co-operation and Development.

In its annual Employment Outlook, the OECD says that employment in the industrialised countries continued to grow strongly last year but is expected to expand more slowly this year and next, in line with the projected easing in output growth.

As a result, unemployment in the OECD area, which declined last year for the sixth year running, is likely to level off this year and may even increase slightly in 1991.

Despite the decline, the current average unemployment rate of 6.4 per cent of the labour force remains high by historic standards. But since many member countries are operating at demand levels close to or even above potential output, the OECD argues that there is little scope for tackling the unemployment problem through increases in aggregate demand.

The answer, it says, lies mainly in structural adjustment, including improved training and skill development.

One important change is that the young population (aged 15-24), which was growing in most OECD countries during the first half of the 1980s, is now declining in the area as a whole by about 0.7 per cent a year.

Expanding OECD economies have thus been faced with a population of working age whose growth has slowed considerably, and with a declining young population.

With this situation expected to continue over the next decade, the OECD comments: "Immigration remains a potential source of labour force growth in many countries, and with recent developments in eastern Europe, this will be of especial importance for 'front-line' countries such as Austria, Finland and Germany".

It also tentatively suggests that the industrialised economies may respond to tightening labour markets by higher productivity, greater participation rates for women, and perhaps by reversing the trend to early retirement.

Greek hope for full EMS entry

GREECE WILL become a full member of the European Monetary System in 1993 if new government fiscal measures pay off, Mr Dimitris Halikias, the central bank governor, said yesterday, AP reports from Athens.

"If the situation develops in line with the Government's three-year plan then Greece will be in a position to join the EMS fixed exchange rate mechanism in 1993," he said.

The conservative Government's three-year economic programme aims for single-digit inflation by 1993 and a public sector borrowing requirement representing less than 10 per cent of gross domestic product.

Inflation reached 21.7 per cent in June. The public sector borrowing requirement for 1989 was 18.1 per cent of GDP, or Dr1.6 trillion (£5.6bn).

Greece participates in the EMS pool of reserves for settling payments imbalance. But its precarious economy has stalled its entry into the exchange rate mechanism parity grid, which stabilises the exchange rates of member countries.

Spanish inflation rises but less than expected

By Tom Burns in Madrid

INFLATION in Spain rose less than expected last month adding to pressures on the monetary authorities to lower interest rates in order to weaken an unnaturally high peseta.

Consumer prices rose by 0.3 per cent against a market expectation of 0.4 and a 0.5 increase in June last year. Last month's figures brought Spain's accumulated inflation for the first half of the year to 2.5 per cent and annualised inflation to 6.5 per cent, barely one point above the European Community average.

The figures come against a background of high domestic interest rates which have pushed the peseta to the top of its 6 per cent fluctuation band in the Exchange Rate Mechanism (ERM) of the European monetary system. The peseta entered the ERM in June last year at a central D-Mark parity of Pta65 and is currently trading at Pta61.2.

Reacting to rising concern about the currency, Mr Carlos Solchaga, the Economy and Finance Minister, was quoted earlier this week as saying that "if the pressures on, and the strength of, the peseta continue much longer we could find ourselves obliged to consider whether the interest rate should be lower."

If the present base interest rate of 14.65 per cent is maintained by the monetary authorities, real interest rates in Spain, as a result of lowered inflation, will be as much as three points higher than in West Germany.

The pressure to lower interest rates is likely to increase as the market expects a continued good inflation performance in the short term. Analysts forecast that consumer prices will rise this month by not more than 1.1 per cent against a 1.5 per cent rise in July last year.

The authorities remain extremely cautious, however, over a significant drop in interest rates. Officials at the Bank of Spain stress that, in the absence of any firm fiscal measures by the Government, monetary policy remains virtually the sole weapon being used to cool the economy.

Soviet Union to reduce oil exports

THE SOVIET Union will supply Hungary with 160,000 tonnes less oil than it had contracted to supply the central European state in July according to the state MTI news agency, AP reports from Budapest.

The agency said the Soviet Union had originally agreed to supply 546,000 tonnes of oil during July, suggesting that as a result of the reduction, Hungary would receive only 386,000 tonnes. Last weekend, the Soviet government said it intends to reduce exports of crude oil and petroleum products by about 7m tonnes this year, because of increased domestic demand.

Hungarian oil industry officials are currently in Moscow to work out details of Soviet oil supplies. MTI said "the increasing Soviet reluctance to deliver oil to Hungary became evident in the first half of the year when, contrary to the earlier practice, the Soviet partner only concluded contracts for a quarter of the year."

In the first half of this year, the Soviets delivered 2.8m tonnes of oil to Hungary, or only 43.2 per cent of the total 6.48m tonnes agreed for the full year. "Last month, a contract was concluded for the second half of 1990 for the delivery of the remaining 3.68m tonnes of Soviet crude," MTI said. It added, however, that of the total contracted volume, the Soviets were "prepared to supply only 1.62m tonnes of the 1.84m tonnes the Hungarian partner requested in the third quarter of the year."

Border treaty issue raises Bonn hackles

BONN politicians yesterday angrily rejected Warsaw's attempt to block full sovereignty for a united Germany until the new state recognises the Oder-Neisse border with Poland, Reuter reports.

"I feel not only disappointed but also deceived by Poland," said Mr Ottfried Hennig, parliamentary state secretary in Bonn's Ministry for Inner-German Affairs.

Mr Karl-Heinz Hornhues, deputy floor leader of Chancellor Helmut Kohl's Christian Democrats, described Poland's stance as "disturbing," and said it should "consider and correct" it.

Warsaw is to present its view to international talks on German unification in Paris next Tuesday.

Final reading begins for Polish privatisation law

By Christopher Bobinski in Warsaw

MR LESZEK Balcerowicz, Poland's deputy prime minister, told parliament yesterday that the country's economy was at a turning point as the final reading began of the draft privatisation law.

He said: "This legislation will help make our economy efficient and able to develop," and added that sales of state sector enterprises would have to be carried through "more quickly than anywhere else."

The new laws, backed by a Ministry of Property Transformation, will allow state-owned companies to be transformed into joint stock enterprises which can then sell their shares on the open market within two years.

The companies will remain under state control but one third of the board of directors will be elected by the employees.

The law, which has been in committee stage for three months, was frequently criticised on one point: too much power over the process towards privatisation was vested in the Government at the expense of parliament which would only have the right to map out the "general directions" of the privatisation process once a year.

Under the draft law, 10 per cent of the value of a share issue can be sold to foreign investors without any special permits. However, remittances of profits will continue to be regulated by strict foreign investment laws.

Europe urged to adopt North American-type phone numbering

By Hugo Dixon

EUROPE SHOULD adopt a unified telephone numbering scheme, like the one already in use in North America, a leading representative of telecommunications users said yesterday.

Mr Jean-François Berry, president of the French Telephone Users Association, put forward the plan during the second day of the Financial Times Conference on European Telecommunications in London. It would mean that people would dial the same number to make a call, irrespective of where they were calling from.

Mr Berry set out a series of other proposals which he believed would break down telecommunications barriers within Europe to the benefit of business and residential users.

He said payphones should be capable of operating with the coins and telephone credit cards of any country, that there should be uniform procedures for contacting operators and emergency services, and that there should be a European regulatory authority for the industry.

Mr Gregory Staple, a US communications lawyer, told the conference that the four-fold growth in cross-border telephone traffic since 1980 was pushing reform of international call prices and the resale of leased lines to the top of the regulatory agenda.

He also stressed the new importance of trade and anti-trust authorities, such as the General Agreement on Tariffs and Trade and the European Commission, in shaping industry rules.

Mr Staple said that markets and regulatory pressures in the early 1990s were likely to pose a challenge for established international telephone companies.

The issue of restrictions on private circuits was picked up by other speakers. Mr John Wishney, chief executive for business communications at Electronic Data Systems, said that deregulation, particularly in the UK, was removing the barriers which previously hampered ?? private networks. Nevertheless, he felt that "international telecommunications are still in an evolutionary backwater."

FT CONFERENCE TELECOMS IN EUROPE

Mr Derek Nicholas, vice president for international telecommunications at Citibank, said working conditions and tariff constraints represented a barrier to the effective use of public telecommunications networks "for the delivery of global business products."

Mr Hermann Neus, telecommunications manager for IBM Germany, spoke of the desperate need for facilities in East Germany. Although the East's population was a third of West Germany's, the number of telephones was only 6 per cent of that in West Germany. "Nothing could better demonstrate the weaknesses of a central planning economy lacking the incentives of a free market," he said.

Mr Neus said the West German Government planned to invest $33bn in East German telecommunications between now and 1997. However, businesses would still need to provide their own telecommunications links if they were to get a good service quickly. He highlighted satellite communications as an attractive means of doing this.

Mr Keith Blacker, co-ordinator for electronic data interchange at Lucas Industries, said that EDI (a means of transferring orders and invoices electronically) could make the international trade and payment factor more efficient.

In today's paper world, he said, manufacturers could not be confident of serving their customers in other countries effectively because of different languages, lack of confidence in the mail system and uncertainty about foreign business procedures. But he said that with EDI, which involved a highly structured form of communication, "uncertainty drops away, customer service improves, distances are no longer so important and competitiveness is increased."

Prof Michael Beesley, visiting professor of economics at the London Business School, said more competition was needed in the UK telecommunications market. Mr Peter Allen, vice chairman of the International Telecommunications Users Group, and Mr Lionel Fleury, general manager of PolyCom, the French information service provider, also spoke.

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WORLD TRADE NEWS

Textile groups agree plans to phase out MFA

By Alice Rawsthorn

THE LEADING textile companies in Europe and the US have agreed on proposals for the end of the Multi-Fibre Arrangement (MFA), which include the formation of an international body to regulate the liberalisation of the world textile trade.

Under the proposals, the MFA, the bilateral trading agreement which regulates textiles trade, would be phased out over a period of 15 years after the present agreement expires next summer.

These proposals were formulated at recent meetings in New York and Geneva between representatives of the European and US industries. They are now being circulated to trade officials in Washington and Brussels and at the current Uruguay Round of multilateral trade negotiations in Geneva.

The European industry was represented by ELTAC, the Brussels-based body recently formed by the largest European textile groups. The representatives for the US were American Apparel Manufacturers Association for the clothing companies and the American Textile Manufacturers Institute for the textile producers.

In recent months the large textile companies have become increasingly concerned about the postponement of negotiations on the MFA and textiles until the completion of the controversial Gatt Uruguay Round negotiations on agriculture.

The Western companies suggest the MFA should be phased out in five stages each lasting three years. The new international body would decide whether to proceed to the next phase. This means that the body, which would include representatives of the European and US textile industries, would be empowered to veto further liberalisation of the textile trade.

They argue that the phasing-out period is necessary to prepare the international industry for free trade. During this period the developing countries would open up their markets for free trade and the GATT rules against trading abuses would be strengthened.

The Americans and Europeans say they need another 15 years to achieve the levels of competitiveness necessary to operate in a free trading environment. This was the main reason for the introduction of the original MFA after the oil-price crisis in the early 1970s.

During the phasing-out period the present system of MFA import quotas would be replaced by a system of "comprehensive" product quotas. The proposals do not stipulate how these quotas would be defined.

The US Administration recently put forward controversial proposals for global quotas to be introduced after the MFA's expiry. The European industry has objected vehemently to these proposals.

Alcatel and Motorola in patents deal

By William Dawkins in Paris

ALCATEL, the French telecommunications group and Motorola, the US electronics company, have agreed to share each other's patents for the future generation of European digital mobile telephone systems.

The accord, the first of its kind, is a significant step towards removing the risk of a damaging patents conflict in the European mobile telephones industry of the mid-1990s. It reduces the risk of different telecommunications group proceeding in parallel with conflicting patents and running into rows over intellectual property rights.

Yesterday's agreement means Alcatel and Motorola will license each other's essential patents for the Groupe Spéciale Mobile (GSM) standard, due to take effect in the European Community next year. Mobile phones based on digital communications will be of higher quality than analog cellular radio telephones.

Alcatel is already developing a pan-European GSM system with AEG of West Germany and Nokia of Finland. However, the Motorola accord does not tackle the whole problem of patents conflicts, since other electronics groups, also hold GSM patents.

Sweeping away CoCom cobwebs

Nancy Dunne on the rapid turnaround in US export control policy

IN THE "secured" set of offices in the US Commerce Department's Bureau of Export Administration, Elvis, Stela and Elain stand ready for a surge of telephone calls.

Since the US allies reached agreement in Paris last month, a sweeping liberalisation of export controls is under way. Elvis, Stela and Elain – the Bureau's voice-automated computer systems – will field the bulk of US exporter queries about new rules and will process with astonishing speed most of the licences still required.

In an office on the floor above, Mr Dennis Kloske, at 35 the youngest under secretary in the US government, helps plot the liberalisation strategy. When US intransigence over licensing reform threatened the continued existence of the Paris-based 17-nation Co-ordinating Committee for Multilateral Export Controls (CoCom), he spearheaded an Administration turnabout last spring that won agreement to:

- Scrap this year 38 of the 116 product categories now covered by multilateral regulations;
- Restructure for multilateral curbs a brand new "core list" of the most sensitive technology products to replace the current control list next year;
- Harmonise – by April 1992 – each government's individual control list and licensing procedures.

Mr Kloske says his Bureau "is not about to turn off the lights and lock its doors," although many American businessman rather wish it would. With the fading of the Soviet military threat, they see little purpose in a complex, time-consuming export-licensing system for dual-use technology.

This sentiment makes the process of harmonising unilateral control regimes vital to Mr Kloske's success. Between now and the end of the year he is embarking on "a significant diplomatic effort" to sway the more reluctant CoCom governments to develop a common standard of security. Otherwise, he foresees friction among the allies with "the emergence of competitive disadvantages for nations that take a more restrictive, comprehensive approach."

His concern is heightened by the creation of the European Community's single market in 1992, when most intra-border controls will be lifted in the EC. There is, he acknowledges, reluctance among some allies to continue controls "either because they don't have the political inclination or their parliaments don't see the necessity."

Kloske: plots new strategy

If, in the end, some CoCom governments produce minimal control lists and ineffective regulatory procedures, he is prepared to rethink the US position. "When you see the emergence of independent, high technology power centres in Western Europe and the Pacific Basin, you have to be pragmatic," he said.

Mr Kloske exudes a cynical realism. As a young aide to the former US ambassador to Nato, Mr David Abshire, from 1985-87, he was known to take on four-star generals. He is equally unflinching as the Administration's point man in the crossfire between business and national security interests.

"One of the great challenges of this job is that, if I please one constituency in the morning, I'll get an irate phone call from the other in the afternoon," he said. "It requires a certain mental agility and a great sense of humour, if not a little dose of cunning."

Neither his admirers, nor sceptics in the business community, doubt his possession of these qualities. But some detractors complain that the former Harvard and Oxford scholarship student is not burdened by an excess of modesty. But Mr Kloske seems serenely confident that the Bush Administration will back him in the development of a "user-friendly" export regime.

He has budgeted $1m for counseling services to help the emerging democracies in eastern Europe to establish "safeguard systems" for technology imports which are still to be forbidden to the Soviet Union.

He has also secured a mandate from the National Security Council to develop new proposals for North/South controls to contain the spread of missile technology and nuclear and chemical weapons.

In the meantime, he expects with the help of Elvis, Stela and Elain, to establish "transparency and accountability" in US export controls. This alone, if it can be achieved, would win him the support of his sceptical constituents in the business community.

Taipei lists China indirect investments

By Peter Wickenden in Taipei

TAIPEI has drawn up a preliminary list of 2,000 product categories eligible for indirect investment in China.

The government is concerned that, if left unregulated, growing Taiwanese investment in China will damage the island's economy. Currently, direct investment in China is banned and there are no rules to govern indirect investment through intermediaries.

The categories include labour-intensive products in which Taiwan industry is no longer competitive, such as unprocessed food, apparel, construction materials, textiles, and shoes. They also include low-technology electrical consumer goods. Investments that threaten Taiwan's economic growth or national security will not be allowed.

The Ministry also decided that in future only investment projects worth more than $1m will require Taipei's prior approval. Over 1,100 Taiwanese companies have already indirectly invested at least $1.1bn in projects in China.

Direct trade remains banned, and new rules will restrict export of high-technology goods to China. Violators will be banned from exporting for up to one year. The Cabinet still has to pass the new rules.

Export credit rates to rise, says OECD

By William Dawkins in Paris

OFFICIAL credits for exports from the 24 western industrialised nations to the developing world are to become slightly more expensive from July 15.

The Paris-based Organisation for Economic Co-operation and Development (OECD) yesterday signalled that the minimum interest rate for officially-backed export credits on sales to intermediate and relatively poor countries – broadly South-East Asia, South America and Africa – will go up by 0.9 of a percentage point.

This is the first rise for a year, and reflects increases in long-term interest rates in the countries participating in the OECD's export credits arrangement.

Paradoxically, it comes as western nations are considering debt forgiveness plans for developing countries. However, OECD officials point out that officially backed export credits are not intended as a direct aid tool, even though sales to poorer countries benefit from cheaper rates.

The minimum interest rate on export credits to relatively poor countries, like China, India and sub-Saharan African nations, will rise from 8.3 per cent to 9.2 per cent for loans of all maturities.

For exports to intermediate countries like Brazil, Mexico and South Korea, the minimum rate on loans of two to five years will rise from 9.15 per cent to 10.05 per cent. The rate for export credits of more than five years to intermediate nations have gone up from 9.65 per cent to 10.55 per cent.

The change comes at a time when some export credit agencies, notably Britain's ECGD and France's Coface, are making heavy losses on export insurance. However, the rise in interest rates will not affect the agencies because they only act as agents for their governments, leaving the actual borrowing to commercial banks.

ABB in pact with Poland on second joint venture

By Charles Leadbeater, Industrial Editor

ABB, the Swedish-Swiss engineering group yesterday unveiled plans for its second joint venture in Poland, confirming its position as one of the most active western companies in eastern Europe.

ABB, Europe's largest electrical engineering group, said it had reached a basic agreement with the Polish Government over a joint venture with the Dolmel enterprise. It would establish two joint companies employing 3,300 people, which would come into operation in September.

ABB Dolmel will manufacture turbogenerators, hydrogenerators and related services, while Dolmel Drives will make drives and traction motors. The terms of the agreement with Dolmel are likely to be modelled on ABB's first joint venture launched in February with Zamech, the Polish turbine manufacturer. ABB has a 76 per cent stake in ABB Zamech, the joint venture company, with the Polish Treasury holding 19 per cent and employees 5 per cent.

Mr Goran Lundberg, ABB's executive vice president would not disclose financial details of the Dolmel deal but said ABB would be making a substantial investment in management, technology and production machinery over the next few years.

Mr Lundberg said the ABB Zamech joint venture had developed co-operatively paving the way for a far-reaching restructuring of the company. Both ventures would be run by local managers supported by ABB specialists in financial systems, quality control and manufacturing techniques.

Both companies are expected to begin exporting to western European markets served by other parts of the group.

ICL signs marketing deal with US computer group

By Alan Cane

ICL, the information technology arm of STC of the UK, has further cemented its relationship with Sun Microsystems, one of the fastest growing US computer companies.

It has signed a joint marketing agreement with the US company through which Sun will market ICL's DRS 6000 computers, while ICL will market Sun's workstations and file servers.

The arrangement, which will take effect immediately, will apply only to the US. However, ICL expects to extend the agreement worldwide later this year.

ICL rejected analysts' suggestions that the agreement with Sun was pointing to a much closer relationship with the US company, possibly involving equity participation.

STC has been looking for some months for a partner for ICL which could provide technological expertise and financial assistance with the huge expenditure on research and development necessary to stay at the forefront of computer technology.

Fujitsu, with which ICL has a long standing technological agreement, has already indicated it would be willing to take an equity share in the company.

Sun said that association with ICL would give it access to markets such as the legal profession and federal agencies where it had no penetration in the US. It would also gain further market acceptance for its Sparc microprocessor design which ICL uses in its DRS 6000.

Venezuelan court seeks to arrest former minister

By Joe Mann in Caracas

A VENEZUELAN court investigating corrupt practices has issued warrants for the arrest of Mr José Angel Ciliberto, former Interior Minister and once acting president of the country, and Mrs Blanca Ibáñez, personal secretary of former President Jaime Lusinchi throughout his 1984-89 term of office.

The Public Safeguard Court, set up to investigate misuse of public funds, issued a total of 12 warrants on Wednesday. It also asked the Supreme Court to rule whether there was cause to strip Mr Lusinchi and another politician, Mr Antonio Aranguren, of their Congressional immunity.

The Safeguard Court is reported to be believe there is cause to press charges against Mr Lusinchi and Mr Aranguren, who was a state governor during the Lusinchi administration. If the Supreme Court decides there is cause to rescind any Congressional immunity, Congress must then vote on the matter before an arrest warrant might be issued.

This is the first time in Venezuela's 32 years of democracy that an ex-president elected by popular vote, and an official who was acting president during the chief executive's overseas trips, have faced direct legal action related to corruption charges.

Mr Lusinchi called the court's decision part of a political intrigue aimed at damaging him and his associates. He and others have asserted publicly that they are innocent.

The Safeguard Court's actions were prompted by a purchase by the Lusinchi admninistration of 65 jeep-type vehicles, then given to members of the governing Democratic Action party.

It is alleged that Mr Lusinchi, his former Interior Minister, and his ex-secretary were responsible for improperly giving away Government property. The case is the hub of efforts to find parties guilty of widespread corruption while Mr Lusinchi was in office.

Strike ends as Managua agrees workers' demands

By Tim Coone in Managua

A TEN-DAY general strike which had paralysed Nicaragua and brought it to the verge of civil war, ended suddenly yesterday, after the Government acceded to a series of key demands by the powerful National Federation of Workers (FNT).

In return for a 43 per cent wage rise, linking of payrolls to the new "gold cordoba" monetary standard, repeal of a privatisation decree affecting state farms, and a guarantee of job security to state employees, the FNT yesterday told its members to return to work and end the occupation of factories and farms.

Two days' chaos in Managua and widespread armed skirmishes between right-wing gunmen and strikers, which led to over 100 casualties, preceded the negotiated end to the dispute.

Flanked by her entire Cabinet, President Violeta Barrios de Chamorro publicly recognised the key role played by the police and armed forces in containing the violence and re-establishing law and order.

Both institutions were rebuilt under the former Sandinista Government, and doubts existed when the strike started whether they would remain loyal to her government or side with the striking workers.

General Umberto Ortega, armed forces head, swore his loyalty to the constitution and President Chamorro, but added: "Neither army nor police will ever open fire against the people".

At the height of the crisis, Vice-President Virgilio Godoy had called for violent repression of the strikers, and had independently begun to form "National Salvation Brigades", intending to confront the strikers on their barricades and in their occupied work-places. President Chamorro played this down, saying: "He is free to do as he pleases, but I am President."

US investors 'lose $1.1bn to international swindlers'

By Janet Bush in New York

SMALL investors in the US were swindled out of $1.1bn in 1988 and 1989 by a growing number of international investment frauds, according to the North American Securities Administrators Association, which groups state securities regulators.

This was one finding of a study published yesterday and commissioned by a congressional sub-committee which warned that international investment scams are the fastest growing fraud problem faced by state regulators.

The study also concluded that the US response to international fraud was not co-ordinated and that international swindlers were exploiting this.

"The NASAA study findings make it clear that global investing can mean a world of hurt for unwary consumers who place their trust in a stranger thousands of miles away on the other end of a long-distance phone line," said Mr Douglas Mays, Kansas Securities Commissioner and president-elect of NASAA.

He recommended that a joint federal-state inter-agency working group be set up on international financial fraud and that the Securities and Exchange Commission should work with state agencies to set up an international database to track global fraud.

FT WRITERS EXAMINE RESPONSES TO THE HOUSTON SUMMIT ACROSS THE WORLD

Seven on winning side find consensus

THIS week the Group of Seven leaders looked confident that they are on the winning side. For the Houston summit was a test for the industrial democracies: Could they handle success? With the end of the Cold War era, would underlying economic and political divisions reassert themselves?

In the end, the summit was remarkable for the consensus displayed on how modern economies should be run and on the close links between economic prosperity and democracy with all its trappings – such as free elections, freedom of expression and increased respect for human rights.

It was a sharp contrast to the early summits of the mid-1970s, which were beset by widespread worries about the fundamentals of the western system.

The G7 meetings have graduated from mere economic crisis management – the concern about exchange rates that led to the creation of the summits – to becoming something of a directorate for moving forward on a series of wider issues. Operational questions of interest rates and exchange market intervention are now left to parallel meetings of finance ministers and central bank governors.

The leaders have developed a missionary zeal for spreading the G7 lifestyle and policies to other countries. The proselytising aspect of the summits has received a big fillip from recent developments in eastern Europe, the Soviet Union and Latin America.

Houston has also been a reminder that inder-dependence is not confined to the summit seven and the European Community. This is underlined by the final communiqué sections on the international trading system and the environment. There were references to the Uruguay Round of trade negotiations having "the highest priority on the international economic agenda." On agriculture, the leaders promised "to maintain a high level of personal involvement and to exercise the political leadership necessary to ensure the successful outcome of the negotiations."

But the Group of Seven communiqué indicated more than a "convoy system" where the group moves at the pace of the slowest member.

Peer group pressure has an effect. Pledges made one year are fulfilled, in part or whole, by the appointed dates. This has been shown by the push to take action on ozone depletion that came from last year's Paris summit and the successful conclusion of last month's London conference on chlorofluorocarbons. Even on carbon dioxide emissions, while there are no firm commitments, there was some progress this year with the recognition that the lack of full scientific certainty is no excuse to postpone action.

The leaders are willing to acknowledge when things are going wrong in their own countries. Mrs Margaret Thatcher was quite blunt on Wednesday in admitting that the UK was less successful than others in controlling inflation.

More generally, the summits provide cover for individual leaders to make concessions with the justification that this is in some wider, collective interest. This involves fudges and compromises, but, as in the case of agriculture this year, it can provide the political momentum to remove blockages in negotiations.

The other striking change is in the balance within the G7. The US is no longer dominant and able to ensure support, albeit at times reluctant, from Europe and Japan. Mrs Thatcher put it succinctly: "There are three regional groups at this summit – one based on the dollar, one based on the yen, one on the D-Mark."

Not only is Chancellor Helmut Kohl riding high as Europe's most influential leader – and clearly savouring the experience – but Mr Toshiki Kaifu, Japan's Prime Minister, has also been more active than his predecessors.

Some have seen the summit as underlining the development of a multipolar world with countries going their own way – for instance, Japan resuming bilateral lending to China and West Germany providing credits to Moscow.

But the US president remains the single most influential figure – now, though, befitting Mr Bush's style, as a leading partner. That recognition has contributed to the evolution of these annual summits into a central forum for international co-operation across a broad economic and political agenda.

Peter Riddell/Peter Norman

Pressure grows for world farm trade deal

THE US and the Cairns Group of 14 farm-exporting nations yesterday stepped up the pressure on the European Community to accept the compromise plan put forward by Mr Aart de Zeeuw as the basis for a deal on world farm trade.

The plan was "commended" by the leaders of the seven industrial powers at the Houston Summit.

The EC neither accepted nor rejected the blueprint, when the group negotiating on agriculture in Gatt's Uruguay Round reconvened in Geneva under Mr de Zeeuw's chairmanship. The EC's negotiators are waiting for a signal from the Foreign Ministers' Council, which is due to meet in Brussels on Tuesday.

Both the US and the Cairns Group accepted the de Zeeuw text, tabled on July 2, as a basis for further negotiation and warned against attempts to revise it before the meeting of the Round's Trade Negotiations Committee (TNC) on July 23 which has to adopt a programme for the last four months' of the trade talks.

The de Zeeuw text lays out a plan for negotiating reductions in the $250bn (£139.66bn) spent annually by governments on assistance to agriculture in three areas - export subsidies, domestic supports and protective border measures.

On the whole, trade negotiators in Geneva reacted to the section on agriculture in the Houston communiqué with muted enthusiasm. The leaders of the seven powers had "commended" the de Zeeuw text instead of instructing their negotiators to accept it.

Mr Joe O'Mara, US farm negotiator, said that in commending the de Zeeuw text, the leaders of the seven industrialised powers had recognised the need to confirm it as a viable basis for the farm negotiations.

Mr Neal Blewett, Australia's Minister for Trade Negotiations, said the commendation put pressure on the Community to endorse the text. The Cairns Group was encouraged by the Houston declaration which had given priority to the Uruguay Round and recognised the importance of the farm issue. Australia co-ordinates the Cairns Group.

The 14 members of the Cairns Group had not found it easy to approve the de Zeeuw plan. If any country started to ask for alterations, the plan would unravel, Mr Blewett warned. Mr Rolf Möhler, the EC's farm negotiator, gave no hint of EC readiness to accept the plan. He enumerated the enormous difficulties the Community saw in it.

Its provision for larger reductions in export subsidies than in the two other types of support measures was unacceptable. The suggestions on how to curb internal supports incorporated some Community ideas, but the EC could not take 1988 as the base year from which to calculate the reductions; it would lose credit for the cuts it had made on its own account since 1986.

The proposals for handling border protection by converting non-tariff barriers into tariffs and cutting them took no account of the Community's conditions that the reductions should cover deficiency payments and allow for "re-balancing" - the opportunity to increase some duties as others were cut.

William Dullforce

Japanese eager to resume aid to China

A QUEUE of Japanese politicians is forming for the honour of a trip to Peking, to give formal notice to China that a Y810bn (£3bn) soft loan package has been unfrozen and that bilateral business can be conducted with little fear of international criticism.

Japanese companies yesterday welcomed the move, and the government is hoping that its role as an advocate of China's interests will assist it in a a complex relationship that remains haunted by Japan's brutal wartime treatment of Chinese people.

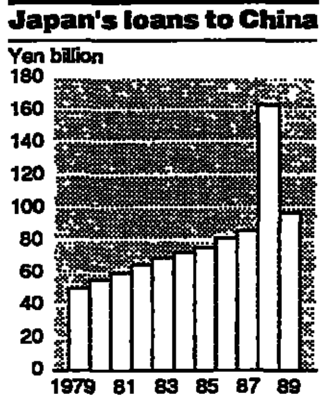
The low-interest loan package is the third in a series viewed by Peking as de facto war reparations, and was due to be released on April 1. But Tokyo suspended the loans as part of the international reaction against the crushing of the pro-democracy movement in Peking in June last year.

Since March, the Japanese government has been keen to begin lending, and work has continued on assessing projects for funding. However, fear of criticism from the US and especially President George Bush, who has a great personal interest in China policy, had kept the package on hold until the summit.

Japanese Foreign Ministry officials have been assessing a list of projects sent by Peking early this year. A mission was recently sent to China to inspect sites for proposed loans in areas such as agriculture and energy generation.

"We will discuss the timing of the loans when our Houston delegation returns and, theoretically, we will send a government mission to China. The appraisal work will continue and then the specific pledges

Japan's loans to China



will be made," a Foreign Ministry official said.

Japanese trading houses yesterday were hopeful that the lifting of the suspension would change the international attitude towards doing business with China, but were uncertain that the loan package would produce big contracts.

One trading house said that it was targeting projects in telecommunications and airport equipment. But a loan official said Japanese companies in China tended to get less than the 40 per cent of contracts they normally win from untied Japanese aid.

Japan's trade with Peking in the last year has been slowed by international pressure for business restraint and by the austerity drive, which has limited the use of foreign exchange.

Last fiscal year, Japan's total exports to China fell by 25.3 per cent to $7.48bn (£4.17bn) while imports from China rose by 8.7 per cent to $11.17bn. The leading 18 trading houses reported that, in the first three months of this year, their contract value with China was down 49.6 per cent on the equivalent period last year.

Commercial loans by Japanese banks to China are now expected to flow more freely. Several banks have made loans through Hong Kong subsidiaries since late last year, and Mitsubishi Trust and Banking Corporation has just approved an aircraft leverage-lease package for Peking.

About half of China's $40bn foreign debt is owed to Japan, but provincial governments want to increase their borrowing from Japanese banks, which, until June 1989, tended to offer the most attractive interest packages.

Robert Thomson

A traditional kimono painter in Tokyo draws a caricature on a T-shirt of Prime Minister Toshiki Kaifu in cowboy hat while he was at the Houston summit

Bush seen as winner on farms

WITH the US administration's stake in the Uruguay Round of trade negotiations so high, Congressional elections due in November, and worries about US trade competitiveness abounding, the debate over agriculture at the Houston summit was one President George Bush could not afford to lose.

To most of the farm and trade interests watching the summit from Washington, the president emerged a clear winner. He did not prevail in his insistence on a total phase-out of all trade-distorting subsidies and farm programmes, but the stalemate with the EC over the negotiating process is felt in the US to have been broken.

Mr Fred Bergsten, director of the International Institute of Economics, said the communiqué compromise, which called for "substantial progressive reductions in all support and protection" meant both the US and the EC had retreated from extreme positions. The US dropped its insistence on total elimination of supports and the Community agreed to reduce both export subsidies and the protection it provides its farmers through internal supports.

The mainstream farm groups, which have publicly supported US policy but privately fear loss of supports, generally praised the agreement. But the American Soyabean Association worried that it created an opening for the EC to provide further protection for oilseeds.

Nancy Dunne

Japan's highest hope has been surpassed

THE Houston summit's outcome has surpassed Japan's highest expectations. Japanese officials, politicians, businessmen and commentators are delighted with how they believe Japan asserted itself at the meeting of western world leaders.

They feel that, for the first time in 16 summits, Japan had the courage to maintain an independent line and the strength to insist its differences of view on China and the Soviet Union were reflected in the joint declarations signed by the seven leaders.

Other countries may feel Japan is exaggerating its achievements. They may say their leaders agreed to disagree with Japan and avoided airing their differences in public. Japan's gains are, after all, contained in a couple of vaguely-worded paragraphs in the communiqué.

But for Tokyo, Houston marks a break with previous summits when all that Japanese leaders were expected to bring was a pile of presents. Mr Misoji Sakamoto, Chief Cabinet Secretary, said Houston was "historic". Mr Kazuo Aichi, director-general of the ruling Liberal Democratic Party's international affairs office, said: "I was impressed with Japan's presence at the summit. I felt a new age was opening up for us".

Some commentators acknowledged the reason Mr Toshiki Kaifu, Japan's prime minister, was able to influence the summit as much as he did was the support from President Bush and Mr James Baker, US Secretary of State. In Japanese eyes, Mr Kaifu's biggest achievement was to secure, in the final communiqué, a reference to Japan's claim to islands seized by the Soviet Union at the end of World War II.

Mr Baker said the leaders supported "early resolution of the issue" as essential to normalising Japanese-Soviet relations. Japanese commentators said this was the first reference to the islands in a multilateral statement of any kind. Yomiuri Shimbun, a leading daily, called it "epoch-making in Japanese diplomacy", though it fell far short of expressing outright support for Japan's claim.

Japan said it intended soon to resume loans to Peking, even though it was party to a summit agreement last year to impose economic sanctions in the wake of the Tiananmen Square crack-down. Not only did Japan persuade other Group of Seven countries to refrain from criticising its decision, it successfully urged them to include in this year's communiqué a reference to a need to "respond to further positive developments in China". Japanese newspapers made much of this oblique comment on Tokyo's plans.

On trade, Japan persuaded other countries to avoid referring directly to its policy of banning rice imports, but Mr Hirohisa Tanaka, agriculture vice-minister, said the talks had failed to progress towards cutting farm protectionism.

Stefan Wagstyl

Brussels chalks up victory on farm reform

THE feeling in Brussels after the Houston summit – exemplified by a relaxed looking Mr Ray MacSharry, EC's Agriculture Commissioner, who pronounced himself pleased with the Houston text – is that US attempts to force the pace on farm trade reforms have been headed off.

The objective of "substantial, progressive reductions in support and protection for agriculture" is felt to be consistent with the Community's position. EC officials note with satisfaction that there is no reference to Washington's persistent call for complete dismantling of farm subsidies – a position never taken seriously in Brussels – and that the EC's insistence on a "global" approach to internal support, export subsidies and import protection has been upheld.

Indeed the Commission insisted yesterday that the EC had made no concessions to the US on reducing agricultural support that had not already been made more than a year ago in the Mid-Term Review of the Gatt negotiations.

Ministers of the 12 EC states are likely to stand by the Houston declaration on agriculture, Community diplomats said yesterday, even though only the four EC largest states and the European Commission attending the summit are formally committed to its communiqué.

The chief reason for this is West Germany, France, Britain and Italy – the big four who go to Western economic summits – happen to span almost the range of Community views about agricultural reform.

Referring to US efforts to single out export subsidies for special attention, Mr MacSharry claimed that abolishing them would land the Community with a Ecu5bn to Ecu7bn (£3.5bn to £4.9bn) bill for food surplus destruction, or would put 3m to 4m of the Community's 11m farmers out of business.

He insisted that export subsidies would be reduced anyway as internal EC support for farmers and import tariffs ultimately came down.

There are three reasons why liberals should pause before assuming that the Houston summit represents the decisive turning point:

- For all the enthusiasm expressed for the final objectives no realistic figures for subsidy cuts have yet been tabled. More significantly key differences remain between the EC and the US over what common measure can be used to quantify the widely varying mechanisms of farm support. The G7 leaders said it was critical that this should be finalised by the July 23 meeting of the Trade Negotiating Committee of the Gatt.

- Notwithstanding the influence of international opinion, the EC is not at the moment under any serious financial pressure. That was the key factor which forced heads of government at the February 1988 summit in Brussels to impose their own disciplines on farm spending, known as budget stabilisers. At the same time, though, the EC increased its financial resources and thereby provided more headroom for farm spending – a "cushion" which has been made more comfy by favourable developments in international markets. There are ample signs that production of grains, dairy products, oilseeds and sheepmeat may again spiral out of control. But the next "crunch" for the Community budget is not expected by the experts for at least a couple of years.

- Much, meanwhile, could depend on the personal and sometimes acrimonious battle which has been taking place behind the scenes between Mr Frans Andriessen, the EC's External Relations Commissioner, and Mr MacSharry.

Mr Andriessen is seen, particularly in Washington, as the more enthusiastic for farm reform and by all accounts he has tried to strike a more compromising note within the Commission.

He and others, however, may have underestimated Mr MacSharry who – ironically due to Mr Andriessen's own determination as Agriculture Commissioner at the start of the Uruguay Round – has the portfolio which gives him detailed charge of the farm negotiations.

So far he has justified the description of one close friend as "a formidable street fighter" – and with his growing ambition to re-enter Irish politics he does not intend going down in history as the man who sold out on the CAP.

An intriguing question is whether Mr Jacques Delors – the Commission President who may yet play a crucial role on this as on other issues – has similar intentions.

Tim Dickson/David Buchan

INTERNATIONAL NEWS

Nigerian economy grows more reliant on oil sector

By William Keeling in Lagos

THE NIGERIAN economy is becoming ever more reliant on its oil sector despite efforts to boost non-oil exports, according to figures recently released by the country's central bank.

The bank's 1989 annual report discloses that non-oil exports fell from $720m in 1988 to just $307.5m, despite efforts to diversify.

The report also highlights some of the difficulties faced by the private sector. The government of President Ibrahim Babangida adopted a programme of structural adjustment in 1985 but the new figures show that the private sector is finding it difficult to benefit from the increasingly liberalised economy.

Bank credit to the sector increased just 3.9 per cent in a year when money supply grew 21.5 per cent and inflation was officially recorded at 40.9 per cent.

Companies were also hit by high interest rates which "shot up to unprecedented levels in the second half of the year." The report quotes lending rates as reaching 25 per cent by September 1989, but by the year's end they had breached 30 per cent.

Manufacturing output is said to have increased 2.2 per cent with capacity utilisation standing at 42.4 per cent. The latter figure is contested by the Manufacturers' Association of Nigeria which puts capacity utilisation at 30 per cent by the end of last year.

Babangida: reforms hampered

Although gross domestic product grew by 4 per cent, this was mainly due to clement weather conditions which resulted in agricultural growth of 6.1 per cent.

High interest rates forced many companies to the stock exchange in order to raise working capital. There were 138 new issues in 1989 which raised N1.627bn ($2.89bn), compared to 12 issues the preceding year.

The poor performance of the private sector was offset by improvements in the oil sector which accounted for 95 per cent of foreign exchange earnings.

The price of Nigerian crude on the world market rose during the year from under $15 a barrel to $17.6 a barrel and actual production increased 18.3 per cent over 1988 to an annual total of 626.45m barrels. As a result, total foreign exchange receipts amounted to $7.65bn, an 18.1 per cent rise over 1988.

But similar improvements are unlikely in 1990. In March the oil ministry announced that a 10 per cent cut in production was needed to keep within its Opec quota.

Since then, the price has continued to fall and the Government is thought to be having trouble keeping within its budget deficit targets. Last year the deficit reached N15.3bn.

On a positive note, the Government increased its foreign currency reserves, now standing at more than $2bn, or approximately six months' imports.

The increase is believed to have been in line with a World Bank agreement signed last year and is seen by many analysts as a sign of the Government's determination to abide by adjustment policy.

Servicing Nigeria's $32bn external debt accounted for one-third of foreign exchange earnings and with new aid of $1.2bn from the World Bank and $0.2bn from the African Development Bank, Nigeria was a net exporter of capital in 1989 to the tune of $1.1bn. New direct foreign investment in 1989 amounted to only $188.5m.

Protesters clash with riot police

By William Keeling in Lagos

DEMONSTRATORS clashed with riot police in Lagos on Wednesday after the announcement, a week ago, that Maroko, a shanty town of 250,000 people, is to be demolished.

Witnesses said up to 30 arrests were made as police fired tear gas on protesters.

According to the residents, violence erupted after police turned back a delegation wanting to ask Col Raji Rasaki, the Governor of Lagos State, to visit the town.

Up to 1,000 people then tried to march to the seat of Government, Dodan Barracks, with a letter for President Ibrahim Babangida. Riot police intervened to stop them.

The decision to demolish the shanty town was announced last Friday and followed 14 days of almost continuous rain in which many areas of Lagos were flooded.

Maroko was one of the worst affected and Col Rasaki said the enforced removal of the people was necessary for their own welfare. He said new land would be provided.

The residents are concerned that the relocation contingency plans are inadequate.

It is also unclear what plans have been made to relocate the schools, churches, banks and hospital clinics.

In the letter intended for the President the residents said they considered the decision to demolish the town was taken to allow "interested land speculators . . . to acquire this land for their own use."

Maroko is alongside an emerging residential area where leading businessmen and politicians are thought to have property interests. Observers agree that, if reclaimed, the land at present occupied by the shanty town would be attractive for residential and business development.

Tokyo's new political fixer restores LDP fortunes

Stefan Wagstyl examines the career of Ichiro Ozawa, the ruling party's rising star

WHEN Japan's ruling Liberal Democratic Party needed to restore relations with big business in the wake of the Recruit scandal, Mr Ichiro Ozawa was entrusted with this ultra-sensitive task. When American and Japanese trade negotiators ran into trouble in recent talks over the Structural Impediments Initiative, it was Mr *Ozawa who banged heads* together on the Japanese side.

At the age of 48, Mr Ozawa is the youngest of a new generation of Japanese politicians who have made a name for themselves since the Recruit affair damaged or destroyed the reputations of some of their elders.

The undoubted champion among so-called "new leaders", Mr Ozawa grins at the suggestion that he might one day become prime minister. "The party has so many capable people. There's no room for me," he said in an interview.

His aides laughed. Few MPs doubt for a moment that Mr Ozawa harbours the highest *ambitions. However, they* respect the way he sticks to the daily grind of the LDP – the committee meetings, the receptions, the sounding out of opinions and the incessant need to raise money.

Over the past year, Mr Toshiki Kaifu, the Prime Minister, has won much of the public credit for rebuilding the *LDP's fortunes. But most of* the party's own tributes have gone to Mr Ozawa.

Mr Ozawa's work has been to persuade businessmen to resume political donations and, with the help of large dollops of campaign money, to restore the morale of MPs.

He cultivates the aura of a machine politician, proud of his ability to smoke, drink and talk until the early hours. But he is more sophisticated than he makes out. An economics graduate of prestigious Keio University, he also has a postgraduate degree.

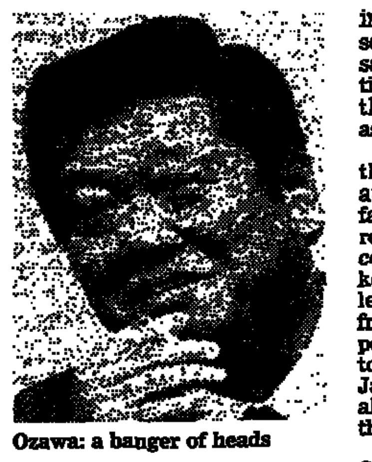
Mr Ozawa is the archetypal fixer – the latest in a long line who have influenced Japanese *politics since the war. His* father was a cabinet minister in the late 1940s and early 1950s with a talent for securing public works projects for favoured districts.

Mr Ozawa's first job in politics was as an aide to Mr Kakuei Tanaka, the former prime minister who was involved in the Lockheed bribery scandal.

After Mr Tanaka's demise, Mr Ozawa deftly switched his allegiance to Mr Tanaka's lieutenant, Mr Noboru Takeshita.

Following Mr Takeshita's resignation over Recruit ,Mr Ozawa distanced himself from his mentor and edged closer to Mr Shin Kanemaru, a former deputy prime minister who has forced Mr Takeshita to share with him control of the faction. Mr Ozawa has not quite played one boss off against the other but he will one day be perfectly placed to do so.

Where his vision of the future is long on vague promises it is short on specifics. This is not because of a want of understanding – Mr Ozawa shows a good grasp of detail – but because of an instinctive reluctance to commit himself prematurely.



Ozawa: a banger of heads

For instance, he falls short of following Mr Kaifu in staking his future on the contentious issue of electoral reform. "The prime minister has said he will do it, so who am I to argue?" he says with a smile. On rice *imports*, Mr Ozawa, who represents a farming constituency, says he is opposed to liberalisation which would "undermine the spiritual and cultural aspects" of life.

Mr Ozawa skilfully follows this remark with a sharp attack on US and European farm policy, saying Japan has recently done more than other *countries to open its food* markets to imports. Finally, he leaves open an escape route from an apparently entrenched position: he says it is "difficult to refute" US criticism of the Japanese position that rice alone should be excluded from the Gatt talks.

As for foreign affairs, Mr Ozawa's views are also strictly orthodox. He believes in an "international partnership" with the US.

Mr Ozawa has not manoeuvred himself into the core of Japanese politics by being a radical. And he is unlikely now to risk his pole position among the "new leaders" by straying too far from the centre.

Indian government faces fresh crisis

By K.K. Sharma *in New Delhi*

BARELY seven weeks after he resigned as chief minister of the north-western Indian state of Haryana following violence and charges of rigging of a by-election, Mr Om Prakash Chautala yesterday took office again in the same post.

The move could lead to fresh squabbles in Mr V.P. Singh's faction-ridden Janata Dal. Mr Chautala is the controversial son of Mr Devi Lal, deputy prime minister in Mr Singh's National Front government.

He was forced to resign six weeks ago after a fierce attack on him from within the Janata Dal because of his role in the Meham by-election where polling was annulled twice following widespread violence and charges of vote rigging.

Mr Singh's government is likely to come under further pressure over the Chautala affair, with Mr Devi Lal openly defying Mr Singh's opposition to dynastic rule in Haryana. Mr Chautala succeeded his father as chief minister when Mr Devi Lal became deputy prime minister.

A spokesman of Mr Rajiv Gandhi's Congress party, commenting on Mr Chautala's reappointment, said: "Mr V.P. Singh will stoop to any level to protect the only thing he is interested in – his own chair."

Mr Singh and his deputy were reported to have patched up their difference over Mr Chautala. It had been agreed that Mr Devi Lal's son should become general-secretary of the Janata Dal. But when it was announced yesterday that Mr Chautala had been merely appointed as one of the six general-secretaries of the party, Mr Devi Lal gave instructions that his son should return to office in Haryana.

Wives of Kenyan detainees appeal for Mandela's help

THE WIVES of several lawyers and government critics of President Daniel arap Moi's one-party rule yesterday appealed to Mr Nelson Mandela to help secure their husbands' freedom, **Julian Ozanne** writes from Nairobi.

At the same time five prominent younger generation leaders, including the son of former President Jomo Kenyattta and the son of Mr Tom Mboya, a prominent post-independence politician who was assasinated in 1969, called on the "elders" to open dialogue and not to resort to detention without trial and police harassment. The US announced yesterday that Mr Gibson Kamau Kuria, a prominent human rights lawyer who had sought refuge in its Nairobi embassy, had flown out of the country.

Mr Mandela, who arrived in Kenya on Wednesday suffering from mild pneumonia, is to speak at a mass rally today.

Meanwhile, it was reported that police had detained at least five more political critics, including Mr George Anyona, a prominent trade unionist and founder member of Kenya's last opposition party.

Airline strikers challenge New Delhi

MEMBERS of six main unions at Indian Airlines, the Government-owned domestic carrier, yesterday threatened to intensify their strike action if the Government did not withdraw its permission to Vayudoot, a regional airline, to operate trunk routes and also to private companies to operate air taxis, K.K. Sharma writes.

The threat came when the leaders of the unions, including the powerful Indian Commercial Pilots' Association, claimed complete success in their call for a 24-hour strike by the airline's employees. Only about 30 of yesterday's 240 scheduled flights were operated.

They were flown by executive pilots who are not members of the association.

The 24-hour strike caused further financial damage to Indian Airlines which has suffered heavy losses because of the five-month-long grounding of its Airbus-320 fleet after a crash in Bangalore in February. The fleet is to resume operations in phases from next week.

Mr Mohammed Khan, Minister for Civil Aviation, has rejected the demand of the striking employees, saying Indian Airlines "needs competition".

Swede executed in Baghdad

SWEDEN recalled its ambassador from Iraq yesterday after Baghdad, ignoring appeals for clemency, hanged an Iraqi-born Swedish citizen accused of spying for Israel, Reuter reports.

The Swedish Foreign Minister, Mr Sten Andersson, said Sweden strongly condemned the execution of Mr Jalil Mehdi al-Neamy, accused by Iraq of spying on Palestinians on behalf of the Israeli intelligence service, Mossad.

Mr Andersson said Mr Neamy, a naturalised Swede since 1985, was hanged on Wednesday.

Mr Neamy had admitted working for Mossad during questioning and at his trial, and had not retracted the admission when talking to Swedish diplomats, said Mr Andersson.

UK NEWS

MPs told of need for caution on Moscow aid

By Ivor Owen, Parliamentary Correspondent

MRS Margaret Thatcher, the UK Prime Minister, yesterday underlined the need for caution in offering economic assistance to the Soviet Union by stressing that her existing debt already totalled $48bn.

Reporting to the House of Commons on the outcome of the Houston economic summit the Prime Minister warned against any action which served only to stimulate a short term consumer boom in Moscow and other centres, and insisted any extra loans which the UK provided should be for specifically targeted purposes.

Mrs Thatcher also stressed that the Soviet Union was still able to draw on a £800m line of credit from British banks - with cover from the Export Guarantees Department - to secure goods and services.

Her emphasis on ensuring that the west did not provide "an oxygen tent" for a survival of much of the old system in the Soviet Union was challenged by Mr Neil Kinnock, the opposition Labour leader.

To Labour cheers, Mr Kinnock argued that economic aid for the Soviet Union which was properly used offered what was probably the best means of "finising off the old order once and for all".

Mrs Thatcher urged the House to bear in mind that any help Britain could offer would be "comparatively small" in relation to the size of the Soviet Union with its population of 280m.

She maintained that the right approach was to await the analysis to be carried out by the International Monetary Fund, and then seek to ensure that the resulting aid was carefully targeted.

Sir David Steel, foreign affairs spokesman for the Liberal Democrats, complained that the Prime Minister had sounded grudging when discussing aid for the Soviet Union.

He said the price of any support provided had to be balanced against the "very considerable cost" of the west having to defend itself against the Soviet Union.

Minister's remarks offend and 'discredit' an economic community founded on co-operation

Anger in European capitals at Ridley

By Robert Mauthner, Diplomatic Correspondent

EUROPEAN politicians yesterday reacted with predictable anger to the remarks by Mr Nicholas Ridley, the Trade and Industry Secretary, on the Germans' desire "to take over the whole of Europe."

In Bonn, outrage was tempered by the view that his statements should not be seen as typical of British opinion.

"Either he was drunk ... or he has not been able to get over England's defeat by the Germans in the World Cup," said Count Otto Lambsdorff, leader of the liberal Free Democrats, the junior West German coalition partner.

Mr Lutz Stavenhagen, a senior aide to Mr Helmut Kohl, the West German Chancellor, said the attacks on Mr Kohl were "scandalous." By accusing the Germans of seeking to dominate Europe, Mr Ridley discredited the entire European Community, he said.

Members of the European Parliament in Strasbourg were even more outspoken in their condemnation. Mr Jean-Pierre Cot, the French leader of the Socialist Group, described Mr Ridley's remarks as "intolerable," while his German Socialist colleague, Mr Dieter Rogalla said: "In the old days, warships would have left the harbour."

The xenophobia displayed by the Trade and Industry Secretary, in his interview, has upset all those who are promoting European unity. Even a member of a government which is not particularly enthusiastic about unification, is not expected to voice such offensive opinions about another member state.

What has caused particular annoyance, is that Mr Ridley's views about the Germans' designs do not appear to be borne out by the facts. Until very recently, West Germany was even widely described as an "economic giant, but a political dwarf," without any ambitions to throw its weight about on the international stage.

Although the prospect of German unification has undoubtedly revived latent fears of German domination in some countries, Mr Helmut Kohl, the West German Chancellor, has gone out of his way to reassure world opinion that his country is not interested in pursuing nationalist goals.

Throughout the international debate on German unification and the future European security framework, Mr Kohl has stressed that the new country would see itself as being firmly anchored in the European Community and the North Atlantic Treaty Organisation (Nato). Indeed, he has not flinched in his insistence that a unified Germany must remain a member of Nato, even though this has proved to be one of the main stumbling blocks to winning Soviet approval for unification.

Although West Germany has fully supported the creation of a European Monetary Union, its interest in such a system is arguably less than that of France. The French look upon EMU and, particularly, the proposed European Central Bank as a means of their exercising greater influence on monetary and economic policy in Europe. By contrast, the Germans, already the dominant economic power in Europe, would have to accept a system in which the Bundesbank had to abandon its much-prized independence.

Yet in spite of the Germans' good international record since the Second World War, fears of German intentions still persist in the minds of some people in countries such as France and Holland, occupied by the Nazis during that war.

Even some prominent Germans share this apprehension. The author, Günter Grass, who has come out strongly in favour of a confederation of the two Germanys, rather than unification, wrote: "I prefer union to the unity I have learned to fear."

● At Westminster calls to sack Mr Ridley following his comments on Europe were resisted by Mrs Margaret Thatcher, the Prime Minister.

He had withdrawn the remarks and his apology should be accepted gracefully, she told MPs. Mr Ridley's comments were not Government policy nor her own views, she insisted during Commons questions.

Mrs Thatcher stuck closely to her prepared text as, amid loud jeering from Opposition benches, she rejected challenges that Mr Ridley was not longer fit to remain in office.

Mr Neil Kinnock, the Labour leader, said the Trade Secretary's comments could not go unsaid and therefore he could no longer have a place in the cabinet.

Reading from her prepared answer, Mrs Thatcher said Mr Ridley had expressed his "very great regret" and unreservedly withdrawn his remarks. Mr Kinnock then challenged the Prime Minister to admit that the reason Mr Ridley was staying in the cabinet was that his views were also hers.

Comment, Observer, Page 20.
Gilt prices, Page 28

'Blunder' brings a simmering mistrust back to the boil

By David Marsh in Bonn

TWO recent incidents highlight a simmering mistrust towards Germany at the highest level in at least one segment of the British Government.

Mrs Margaret Thatcher told a former German ambassador over dinner: "You need another 40 years before we can forget what you have done."

She made the remark at St Catherine's College, Cambridge, on March 29 during commemoration of 40 years of Anglo-German co-operation at the Königswinter conferences held alternately in Cambridge and Königswinter.

An adviser to Mr Kohl said Mr Ridley had made himself laughable. "The most serious thing is that people will think Ridley is saying out loud what Mrs Thatcher thinks only in the stillness of her closet."

The interview, despite Mr Ridley's retraction, damages Anglo-German relations in several ways.

It reinforces the impression that Britain is unhappy with the size and weight of a united Germany.

The remarks by a minister at the centre of Britain's European policy-making cast doubts on the sincerity of the UK's recent greater Euro-mindedness.

Finally, Mr Ridley's remarks, following a spate of bad publicity in Germany about aspects of UK life ranging from football hooliganism to bovine health, have harmed Britain's image in Germany.

Mr Thomas Kielinger, editor of the liberal Bonn weekly Rheinischer Merkur, a commentator on Anglo-German relations, said yesterday: "This was bar-room talk. We have always held British diplomacy in high esteem. Britain is seen as a model of gamesmanship, of craftmanship. But this was not cricket. It was unfair, shameful, and incorrect – a colossal blunder."

A faux pas fit for an international stage

Philip Stephens, on Nicholas Ridley and the Tory Party's reaction to his comments

EVERYBODY'S days are numbered. The question is: what is the number", was a typically laconic remark offered by Mr Nicholas Ridley earlier this year.

After his astonishing outburst about Germany and Europe in *The Spectator* magazine this week, the Trade and Industry Secretary may not have to exercise his formidable intellect to count his remaining days in the Cabinet.

Despite Mr Ridley's withdrawal, the view even among his small band of friends at Westminister yesterday was that he would be extremely, and uncharacteristically, lucky to keep his job until the next general election.

The Prime Minister, surrounded the Cabinet by ministers who do not share many of her more radical instincts, will be reluctant to see such a unrepentant free-market zealot go.

The general view at Westminister yesterday was that as long as he remains in his job, Mrs Thatcher will not be able to dispel the already strong impression that she agrees with much of the substance if not the language of his stance.

Those close to the Secretary of State were not suprised by the thrust of his remarks about the threat posed by a united Germany. Much to the dismay of Mr Douglas Hurd, the Foreign Secretary, he has been saying similar things in private since the beginning of the year.

His relations with several Cabinet colleagues - notably Mr John Major, the Chancellor, and Mr Chris Patten, the Environment Secretary - have also deteriorated rapidly in recent months.

The 61-year-old Trade and Industry Secretary cultivates an air of aloof indifference and has a reputation as a 'loose canon' in the Cabinet. He has long coveted, however, the job of Chancellor of the Exchequer and expected to be offered it when Mr Nigel Lawson resigned last October. Instead Mr Major got the job, and Mr Ridley was said by colleagues to have been deeply angered.

He has waged what one colleague terms a "guerrilla" war against Mr Major's plans to take up full membership of the European Monetary System.

He is also said to regard the Government's alternative proposals for Economic and Monetary Union as a useful diversionary tactic rather than a serios attempt to promote closer integration.

But while he prides himself on the sharpness of his intellect and his open disdain for journalists and backbench colleagues, the intemperate language in his latest interview was being seen at Westminister of evidence of both his frustration and naiviety.

The basic concern - that Britain must confront the fact that the economic power of a united Germany will during the next few years further enhance its increasingly dominant position in Europe - is shared by many Tory MPs.

Mrs Thatcher, who put serious strain on relations with Bonn by her outspoken opposition last year to speedy unification, shares Mr Ridley's view that an ever more integrated European Community would institutionalise that dominance.

The Industry Secretary has confided to friends that he sees his own role over the next few years as ensuring that the Prime Minister sticks to that view.

Many Conservative MPs also believe that warnings about the threat of German hegemony - albeit better phrased in rather more taciturn language - strike a populist chord among their supporters in the country.

Such views, however, mark out a generational gap within the Government. Those like Mr Ridley and Mrs Thatcher with childhood memories of the war and the blitz tend to be far more sensitive to the "German issue" than the younger generation of MPs and ministers.

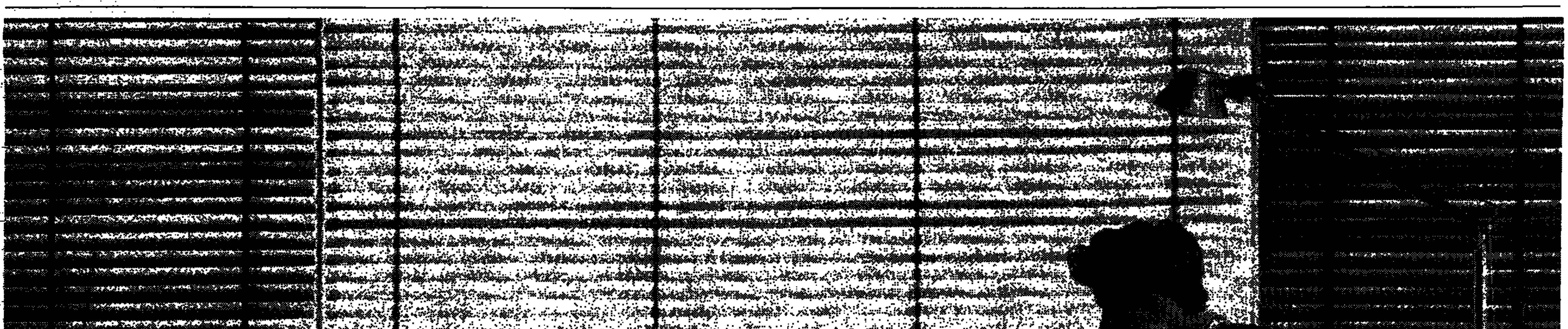
There is also a more fundamental issue.

While the dedicated federalists in the Cabinet number only a handful, most take the view that a united Germany locked tightly into the European Community and into NATO is far less of a threat than one in a much looser confederation.

Mr Hurd is among the majority who believe also that Britain will have far less influence over the balance of power in Europe in a slow lane of as two-speed Community than in the fast lane.

Some of the Foreign Secretary's colleagues were commenting also yesterday that his attempts to persuade Britain's partners of its commitment to European integration would be decisively undercut if Mr Ridley remained in the Cabinet.

Mr Nicholas Ridley: a loose canon



UK NEWS

Channel tunnel safety criticised after UK deaths

By Diane Summers, Labour Staff

AN INDEPENDENT safety inquiry into construction work on the UK side of the Channel tunnel, following the death of six building workers, has found weak and unco-ordinated safety management on the project.

Pointing to the risk of "catastrophic loss" of life, the Health and Safety Executive yesterday warned contractors that they needed to improve safety controls. If this failed to happen, the contractors would be unable to "reduce their accident potential by any significant amount", according to investigators.

Concern about Channel tunnel safety intensified in May with the death of building worker Mr William Cartman – the sixth man to die on the UK side of the project since the beginning of last year. Unfavourable comparisons have been drawn with the French end of the project where there have been two deaths.

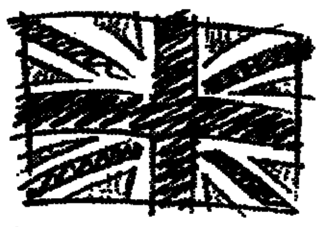
Yesterday Transmanche Link, the contractors, released a summary of findings by the Health and Safety Executive's accident prevention advisory unit, following a safety audit of the project. The company said it would be implementing the recommendations, a move welcomed by Mr Michael Howard, Employment Secretary, who said he hoped TML would act as swiftly as possible.

The main criticism in the HSE report was of "an underlying weakness in safety management, particularly in leadership and administration, giving rise to an inadequate safety culture". There was found to be an "absence of active and visible management participation in the safety programme."

Despite these criticisms, investigators said that TML could be compared favourably with other construction operations. However, procedures were "indicative of a large professional organisation that had not fully introduced a comprehensive health and safety management programme."

Safety achievements of TML listed in the document include the introduction of quarterly health and safety seminars; the availability at all times of a well-equipped rescue team; and good protective gear.

BRITAIN IN BRIEF



'Reassuring' action on cow disease

Measures taken by the UK Government to control the so-called "mad cow" disease following the French and West German ban on UK beef imports should reassure consumers that eating beef is safe, according to a committee of MPs.

The Government, however, is urged to adopt several additional measures to monitor the disease – bovine spongiform encephalopathy, or BSE.

The House Commons Agriculture Select Committee says in a report published yesterday that while most scientists appeared to believe that there were too many unknowns to say anything about the disease with absolute certainty, "no evidence had been forthcoming that it did pose a threat to human health."

Rayner to leave retail group

Lord Rayner announced that he will retire as chairman of Marks and Spencer (M&S) and from the board of the retail group next March when he will be 65. He will be succeeded by Mr Richard Greenbury, currently chief executive officer.

He announced his decision at the group's annual meeting yesterday.

Analysts believe Lord Rayner's ambition was to make M&S a truly international retailer. This was the motivation, they say, behind the acquisition of Brooks Brothers and Kings Super Markets in the US in 1988.

The group has operations in the Far East and wants to expand more rapidly in Europe.

Rayner: expansion plan

Optimism in business

British businessmen are more optimistic about the state of the UK economy generally but slightly less optimistic about prospects for their own companies sales and profits, according to the latest bi-monthly survey of business confidence carried out for the Institute of Directors (IOD).

UK companies are continuing to invest more in spite of concern about slacker domestic demand and expectations of rising unemployment,the poll showed.

Meanwhile The rate at which small businesses are being forced to wind up has risen by 73 per cent in the last six months, according to figures released yesterday by Mr Gordon Brown, the opposition Labour Party's spokesman on trade.

Britons reject violent TV

A large majority of Britons think their society is becoming more violent but very few of them think violence on television is a primary cause for the change, according to new research published yesterday.

The first major study of the Broadcasting Standards Council, set up by the Government to monitor the portrayal of sex and violence on British television found, that only 12 per cent of those questioned blamed television as the main cause of current levels of violence.

Protestant politicians in Northern Ireland yesterday marked the 300th anniversary of the Battle of the Boyne, in which catholic forces were defeated, by critcising the Dublin Government's "interference" in attempts to decide the political future of the province. Police said there was no trouble as loyalists (picture above), who want to retain links with Britain, paraded through Belfast.

Papers join mill venture

The Daily Telegraph and Mirror Group Newspapers are to be partners in a large newsprint mill which Abitibi-Price, the Canadian forest products group, intends to build at Gartcosh near Glasgow.

Abitibi-Price and the two newspaper groups yesterday announced the signing of a letter of intent to acquire North British Newsprint, a Scottish company which originally developed the project for a mill on the site of a former steel mill.

Support for student games

Business leaders in Sheffield, northern England, voiced full support for the troubled World Student Games, which are due to open in the city a year tomorrow, following approval by Sheffield city council of a new plan to make sure the games take place.

Universiade GB, the company set up to run the games, collapsed last month with debts of £3m after confidence evaporated and the Sports Council drew back from giving it £2.8m.

Redundancies at Swiss Bank

Swiss Bank Corporation is making eight people redundant in its London market making deparment. The bank said the redundancies arose as a result of organisational changes following the appointment of Mr Giles Vardy as a new head of equities a month ago.

City traders acquitted at end of '£1m' fraud case

By Emma Tucker

THREE FORMER directors and a former employee of a City commodities company were yesterday found not guilty of dishonest trading at the end of a four-month trial which is estimated to have cost the prosecution, brought by the Serious Fraud Office, more than £1m.

During the trial in London, the prosecution claimed the four men had charged excessive commission and used high-pressure sales techniques which included taking away the chairs of less successful salesmen.

The jury, after spending 2½ days in considering its verdict, cleared the three directors Mr Marcus Deller, 27, Mr Andrew Page, 31, Mr David Rycott, 26, of fraudulent trading in the futures market. Mr Rycott's brother Ian, 32, who was in charge of training, was also acquitted.

Mr Peter Pimm, who defended Mr Page and Mr David Rycott, said: "It was never in issue that DPR was well managed and attempted to give its clients a good service. Their problem was the trading performance of their clients, but on the evidence this was no better nor worse than other firms trading futures on behalf of private clients. It was not DPR but the whole business of private client futures trading that was on trial."

The trial was the 32nd to be brought by the Serious Fraud Office since it was set up in April 1988.

The prosecution had alleged that the company misled its private clients about their chances of making financial gains and about the level of commission rates. In the 20 months that the company traded, it took in £11m in commission but trading profits were significantly less.

In July 1988 the Securities and Investment Board, the City regulatory body, froze the business claiming that clients had been "at serious financial risk."

UK-Italian consortium to build oil platform

By Maurice Samuelson

A CONSORTIUM of British and Italian engineering concerns has been picked to build the £450m production platform for the Tiffany oil and gas field in the central North Sea.

Tiffany Contractors, a specially formed joint venture of British and Italian engineering concerns, yesterday said it had received a letter of intent by Agip UK, the field's operating company.

A medium sized field by North Sea standards, Tiffany's reserves, together with those of the adjoining Toni field, total 175m barrels of oil and 100bn cubic feet of natural gas, which will be produced simultaneously with the oil.

The contractors group is led by Press Offshore and Matthew Hall, subsidiaries of AMEC, together with Saipem which, like Agip, is part of Italy's ENI group.

The work, awaiting British Government approval, will create 3,300 jobs in various stages of design and construction. Agip wants the field to be on stream in 1993.

The Tiffany contract embraces the design, installation and start up of the field's platform, to be located in block 16/17, the so-called T Block, 160 miles north east of Aberdeen in the UK sector of the North Sea.

Because of Government restrictions on flaring off "associated" gas on oilfields, Agip will require a long-term contract with a gas consumer.

Oil industry analysts, however, believe that because of a perceived shortage of platform engineering expertise, Agip has decided to negotiate construction of its platform without first securing a gas offtake contract.

Matthew Hall Engineering will design the Tiffany platform's process and utilities modules and flare boom.

Its sister company Press Offshore is fabricating the main topside section at Wallsend, in north east England.

Britain reveals plans for post-1992 imports

By John Authers

CUSTOMS AND Excise yesterday announced its proposals for dealing with imports of alcoholic drink, tobacco and petrol from the EC after 1992.

Completion of the single market will mean that customs do not intervene in the passage of excisable goods. Around 75 per cent of imports of these goods, which produce about £3bn in excise annually, currently comes from within the EC.

All current requirements for expert examination, and presentation of customs documents, will be dropped, although traffic entering Britain would still be liable to "sanitary checks" for drugs, weapons and infectious diseases.

Officials will now use commercial documents which businesses already need for VAT purposes. They will rely more heavily on systems audits and risk assessment.

All commercial traffic in excisable goods from within the EC would have to pass through either through excise-bonded warehouses, with duty suspended, or through a new category of dealers known as registered excise dealers and shippers (REDS), who would pay duty immediately.

Importers would still have to meet certain requirements before using warehouses, including:

- a security for duty, such as a bond
- secure transport, stamped with approved trader seals, and
- a set of normal commercial documents.

The "REDS" could act as clearing agents for large companies or work on their own behalf. It is anticipated that about 3,000 of these dealers may be needed.

The department hopes that the proposals will be adopted across the EC, although it could, if necessary, be a "stand-alone" system for the UK alone. The European Commission is expected to produce proposals of its own in September or October.

TECHNOLOGY

The exploitation of military technology for civil use will be far from straightforward. Producing something practical from military hardware like an anti-radiation missile is perplexing military technologists the world over.

Precious few swords will be beaten into ploughshares; military equipment will always remain highly specialised and classified. The consequence is that defence equipment manufacturers may be in for a long and possibly fruitless search for direct alternative products. More likely is the prospect of defence companies seeking alternative markets.

Lynton McLain describes the proposals for putting military technology to commercial use

Survival in the brave new world

Trevor King, head of future business strategy at British Aerospace (Military Aircraft), says: "It is easy to come up with alternatives. The issue is, can you do it and make money and are you confident that you can meet commercial targets in an area where you have little expertise?"

Already, BAe has made a conceptual link between its ability to design and make systems to stabilise military aircraft and the stabilisation requirements of high speed trains and other transport.

Military aircraft in the 1990s are designed to be unstable, for high speed turning. They are made artificially stable by military computer programmes and fly-by-wire and fly-by-light systems that replace mechanical controls. There is nothing intrinsically different in the stability requirements of aircraft and high speed trains; the stability is important when the trains run on track not designed for speed.

British Rail is to build trains to run at 155 miles per hour on existing track between London and Glasgow. BAe has not identified this train as a specific market, "but we do believe that high speed trains will be heavily dependent on advanced control technology, such as the aerospace technologies of fly-by-wire and fly-by-light," King says.

In a classic of arms conversion in the aftermath of the Vietnam war, Grumman, the US maker of the F14 Tomcat "Top Gun" fighter, became one of the first jet fighter manufacturers to use its skills to make refrigeration equipment. "We went into production with several non-military products after the war, such as refrigerators and solar heating panels," the company says. "But we have got out of both sectors."

In the UK, the most famous attempt to turn swords into ploughshares came in the 1970s. Shop stewards at Lucas Aerospace formed the Lucas Aerospace Joint Shop Stewards Committee with plans for alternative technologies to the components and systems Lucas made for the military and civil aircraft industry. The plan proposed the transfer of defence technology skills to the design and production of medical and transport equipment, including a hybrid road/rail vehicle. Lucas Aerospace management eventually dismissed this plan: "There were no viable commercial proposals."

Shop stewards also proposed making alternative use of metal fabrication technology at a Lucas plant in Burnley. The workers produced a prototype teapot. "They proved they could make a teapot, but any peace dividend [money diverted from defence to civil use] is not going to make teapots or tractors to give away to the Third World," Lucas says.

The company is transferring its technology in military aircraft systems, such as electronic engine controls, to the sister market of civil aviation. "We intend to maximise our involvement in the civil market, but still be strong in the defence market while looking for ways of using the technology in new markets."

William Gosling, director of electronic development at Securicor, visiting professor of electronic engineering at Bath University and former technical director of Plessey, says "military research carries across very easily into the civil sector, but it is more difficult to transfer the techniques for the development and manufacture of military products."

Gosling says there are important differences between radar for civil and military use which limit the potential for direct transfers of the technology. Civil radar is "co-operative", enabling airliners fitted with transponders to identify themselves automatically on receipt of a radar signal. Military radar is non-co-operative: enemy aircraft do not deliberately reveal their presence.

In the military computer industry, the requirement has been for guaranteed fault-free software, with an ability to operate in real time, with programs responding to military developments as they happen. Generally the civil sector has not opted for this level of quality, but with faults in large-scale civil computer programs become increasingly expensive the sector is beginning to turn to military software.

Ada is the preferred real-time software language for new military systems in the US, Britain and other Nato countries. Gosling says Ada is "very advanced, versatile, easy to use and control and is starting to be used in the civil sector." Plessey did comparative tests on Ada and other computer languages and found that it was no more expensive than other languages to write. Ferranti Computer Systems and Sema-Cap, a software company, are seeking civil applications for Ada.

One of the first successes came with a recent contract from the Nuclear Electric division of the Central Electricity Generating Board, which placed competitive contracts with the two companies. The £150,000 contracts are for the design of a new generation distributed computer system to monitor and control four advanced gas cooled nuclear power stations (AGRs).

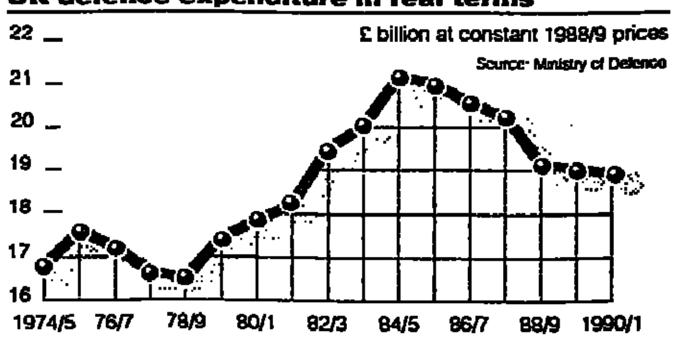
By using Ada, with Ferranti's integrated system development methodology, future real-time systems are expected to achieve a reduction of software life-cycle costs of up to 40 per cent, the company says.

In the metal fabrication sector, VSEL, the defence systems company of Vickers, has workshops capable of machining whole sections of submarine hulls, weighing several hundreds of tonnes. This is the biggest machining capacity in the UK, but it is suitable for a range of work.

Noel Davies, chief executive of VSEL, says the large-scale capability of the Barrow-in-Furness yard can be turned to the company's advantage. "We can establish VSEL as a heavy engineering base for Europe, possibly making other products under licence and exchanging technology in strategic alliances with other engineering companies in Europe."

British Aerospace took a critical look at its military aircraft business in the spring and decided to get into the football business. The aim was to exploit the company's skills as a prime contractor in defence, but BAe says "the move was under way before peace broke out." It illustrates BAe's belief that "simply building military aircraft is no longer sufficient."

UK defence expenditure in real terms



£million (1989/90)	Total turnover	Civil turnover	Defence turnover
British Aerospace	9,085	5,241	3,844
GEC	8,786	7,380	1,406
GKN	2,115	2,030	85
Hawker Siddeley	2,146	1,931	215
Racal	1,974	1,830	*144
Rolls-Royce	2,962	2,221	741
Thorn-EMI	3,716	3,386	330

* includes radar and avionics

ONE CIVILIAN product to evolve from defence technology, developed by Electronic Warfare Associates, of Vienna, Virginia, applies software devised for military surveillance in a sophisticated voice recognition unit.

Carl Guerreri, the company's president, explains that the system "examines 150 different relationships in the human voice, such as relative amplitudes and frequencies." Unlike existing devices it does not recognise words, says Dick Friedel, manager of business development. It identifies the speaker.

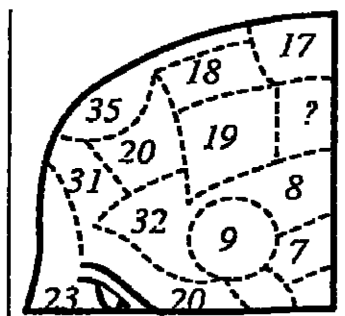
Up to three minutes of the speaker's words are initially "enrolled" on the system. Once they are registered, they can be identified thereafter in an average of two to four seconds.

Besides surveillance use by a number of Government agencies, interested customers include two banks which want to experiment with screening access to databases, a large telecommunications company exploring voice mail systems, several security companies that want to restrict physical access and a childcare centre which wants to verify that callers are the parents of the children in their charge.

A licence for the basic equipment will begin at $10,000, and rise to around $100,000 for an outright purchase with many input lines. Customers will receive a circuit board which can be inserted into a personal computer.

Another of the company's products is a Crisis Management Executive System, intended for the police department. In a terrorist crisis – such as kidnappings, hostage takings and hijackings – it collects, analyses and displays information on a personal computer.

Andrew Jack



WORTH WATCHING

by Della Bradshaw

Optical fibre sees computer's signal

DIGITAL Equipment has launched a clutch of products which link computer systems together using optical fibre cables rather than copper.

The products all comply to the latest international standard for fibre networks known as Fibre Distributed Data Interface (FDDI). FDDI transmits data at a speed of 100m bits of information a second – up to 10 times the speed of today's networks.

Digital's products allow FDDI to be used as a backbone, with lower speed Ethernet networks attached to it. Alternatively, computer workstations could be attached directly to the fibre network.

The three products announced by Digital are: the DECconcentrator 500, to attach workstations to the FDDI network; the DECbridge 500 to connect Ethernet networks to the FDDI one; and the FDDIcontroller 700, an adaptor for establishing workgroups of workstations and other machines.

● One of the drawbacks of using optical fibre cabling for computer networks has been that the signal can be distorted if the cable is frequently bent round corners.

But a US company has devised a way of putting optical fibres into the curly cable that links a phone handset to its base unit.

The secret of FibaKoil, developed by Storm Products, of Chicago, and sold in the UK by CT Electronics, of Surrey, is a special cladding. Its refractive index changes as the cable curls or is straightened, compensating for any change in the way the light signal travels down the glass core, and so ensuring the stability of the signal.

The cladded fibre is then compressed like a wave into the outer casing so that even when the cable is stretched straight, there is still some spare fibre, eliminating undue stress or strains.

Car radio turned off to thieves

ONE of the problems with car radios is that they frequently get stolen.

But the latest models from Blaupunkt, of Hildesheim in West Germany, incorporate smart card technology which could deter even the most sticky-fingered thief from breaking into your car.

When the personalised smart card – a plastic card the size of a credit card but incorporating an electronic chip – is inserted into the appropriate slot in the radio, a connection is made and the music begins.

Without the coded card the radio remains resolutely mum. In addition a highly visible card-like tongue protruding from the radio makes it clear to passing felons that there is no point in breaking into the car.

Each radio has two personalised cards, so that different drivers can program the pre-set station buttons to enable each to listen to their favourite programmes.

A pocket full of telephones

WEIGHING just nine ounces and measuring less than five inches when closed, the latest gadget for making and receiving phone calls on the move has been unveiled by Mercury Personal Communications, the mobile communications arm of the Cable and Wireless group.

The prototype phone, which will be used on Mercury's personal communications network when it becomes operational in late 1992, has been designed to fit easily into a pocket.

Data broadcasts the world over

THE truly international nature of telecommunications these days is emphasised by the latest European data broadcasting service, where one-way voice, data or pictures are sent via satellite to sites around the country or even continent.

The European Gateway service, from Microspace, of Raleigh, North Carolina, uses a Panamsat satellite hovering over Brazil to send data to ultra-small aperture terminal (U-Sat) dishes, just 0.45m in diameter. The service operates throughout Europe, with the exception of France.

Companies using the service send their data to a local collection point in their own country, from where it is sent by ordinary telephone cables to the US. From there the data is sent up to the satellite, which transmits the data in a blanket to cover Europe.

Microspace is emphasising the low-cost of the service and equipment: equipment for each receiving site starts at £600 and broadcasts start at a monthly fee of £5,750.

A ferris wheel ride anyone?

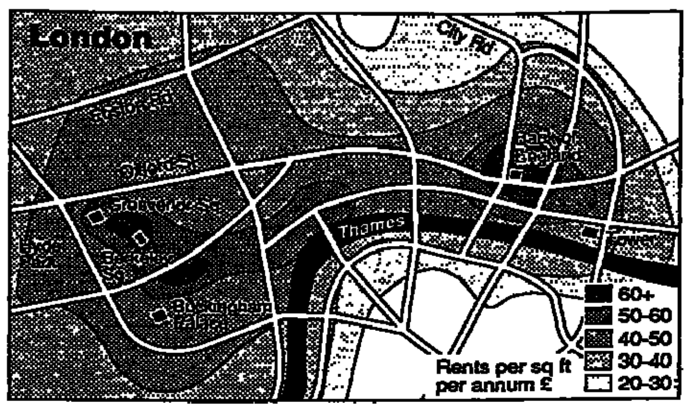
GLASNOST has thrown up many an odd invention in search of an international joint venture. Perhaps the most unusual to date is the giant ferris wheel.

The planned wheel is 110m in diameter, and can take 640 people at one time. It is described as a giant hoop, doing away with the the spokes and axes usually associated with large wheels.

The wheel has been devised by engineer Georgi Khromov for Mospromproekt, of Moscow. Khromov is also the designer of the ferris wheel in Moscow's Gorky Park.

Contacts: Digital Equipment: US, 508 493 5111. Storm: US, 708 323 9121. CT Electronics: UK, 0483 861717. Blaupunkt: West Germany, 05121 494612. Mercury: UK, 071 971 8124. Microspace: US, 919 850 4500. Mospromproekt: USSR, 095 229 1900.

THE PROPERTY MARKET



Investors in Europe caught in a dilemma

By Russell Schiller

When Legal & General decided to sell Lansdowne House, the market assumed, correctly as it turned out, that the buyer would be foreign. Lansdowne House, on the Piccadilly side of Berkeley Square, is one of a tiny handful of large modern offices in the prime area of London's West End. Ten years ago British institutions would have competed hard to have it in their portfolios. Today, the institutions are largely out of the market and foreign buyers look to them as a source of property to buy.

Property investment has become international with dramatic speed. Five years ago the volume was negligible: today more than 30 per cent of all property of institutional quality is bought by foreigners. Among Central London offices, the figure is more than 50 per cent. The signs are that there is much more to come.

The upsurge began with Japan investing in Hawaii and California in the mid-1980s. It developed into a tidal wave which swept into Britain and then the Continent in 1987 and 1988. The investment flow into European property topped £4bn in 1989, roughly five times the 1985 figure. Just under half was Japanese and America took a further quarter.

Short of a world recession, there should be a further massive increase in both foreign and cross-border investment in Europe. A Hillier Parker Research forecast (see table) suggests a three-fold increase from 1989 to 1995. Japanese growth will slow, but this will be more than made up from America and elsewhere.

The British property industry is still adjusting to this radical change. It might seem strange that densely built, historic Europe should prove such a magnet for property investors. Europe has seen a net outflow of capital since the time of Christopher Columbus, and European population growth is well below the world average. The reason for the paradox may seem equally strange. It is that growth is not the first consideration of the international investor. Risk spreading and security are more important, and Europe wins high marks for security.

Continental pension funds are being freed to invest abroad throughout Europe, and this makes them keen to move their eggs out of small local baskets. The result is raising the level of activity between the Europeans themselves. Up until now this has been at a low level. The sum of all cross-border flows of investment between France, Germany, Italy, Benelux and Iberia was only £600m in 1989, less than the amount Sweden, on its own, invested in Belgium and Spain. This level looks certain to rise sharply, thus adding to the pressure from the non-Europeans.

The UK market for property investment is the biggest in Europe, with a turnover of £9bn in 1989. At £2.5bn to £3bn, foreign activity is roughly twice the level of that in France and Germany. In several smaller countries foreigners dominate the market, taking for example between 60 per cent and 75 per cent in Spain and Portugal and more than half in Holland and Belgium.

With the exception of the Dutch, the continentals have less of a tradition in overseas investment in property than Britain. It is common for French institutions to have well over half their property assets not only in France, but in the Paris region. Some insurance companies are making direct property exchanges with colleagues in neighbouring countries, and some participate in international funds.

The desire by foreign investors for security has led to a preference for the familiar. Money originating in the financial centres of Tokyo and New York has gravitated towards the financial centres of London, Paris and Frankfurt. They are invariably the top three towns on the American and Japanese shopping list, with Brussels and Madrid following behind. The Europeans, in contrast, follow a north to south pattern, with Scandanavian and other north European money flowing into southern France and Germany and particularly Spain. Yield levels have converged as a Europe-wide property investment market has begun to emerge. Prime office yields for the biggest cities vary from 4.5 to 6 per cent, a range of 1.5 points. Until 1988 the equivalent range was at least 2.5 points.

For non-European investors, preference for the familiar takes two forms. There is the desire for a familiar location, a property which can be shown in the annual report photographed against a backdrop of St Paul's Cathedral or the Arc de Triomphe. There is also the desire for the world-class office building with a large floorplate and imposing bulk.

Unfortunately for the investor, Europe offers very few examples of world-class properties in the desired locations, as the example of Lansdowne House illustrates. Even if conservation allowed, there simply is no room in the traditional heart of most European cities.

The investor therefore faces a dilemma. Skyscrapers exist in Canary Wharf, La Defense in Paris and the Messe Turm in Frankfurt, but they lie outside the area of highest value, on the fringe of the central area. Property in the areas of top value, in contrast, often consists of former town houses which are attractive, but small, with an inefficient interior.

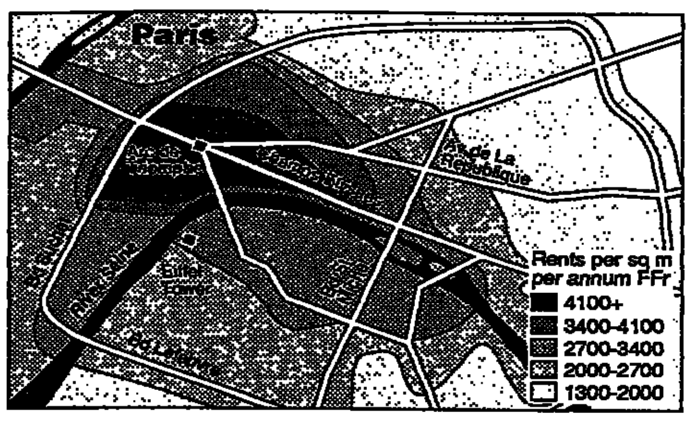
The choice facing the investor is often between a trophy building in a secondary location, or an inadequate building in a prime location. It is one he is not accustomed to. The problem does not exist in America, Australia and most of the Far East. Which becomes the best choice for the investor depends on what happens to values. First indications are that high values will follow development to the fringe of the central area. In Paris, for example, the gap has narrowed between La Defense and the prime Eighth Arrondissement. The way this dilemma is resolved will be one of the biggest issues in property in coming years.

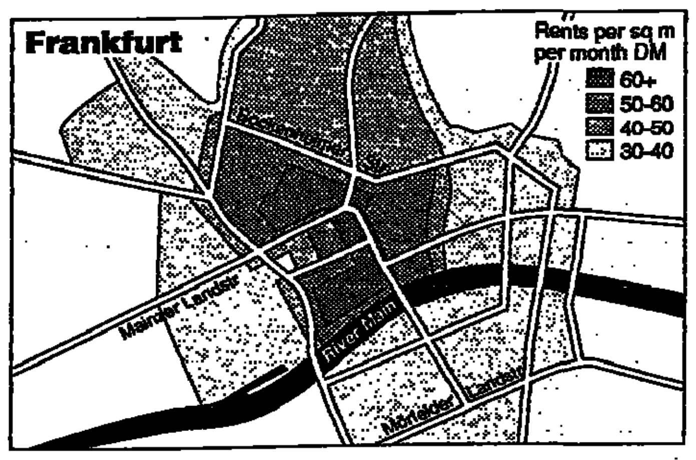
The author is a research partner at Hillier Parker chartered surveyors.

INVESTMENT PROPERTY FLOWS INTO EC (£m)

	1985	1989	1995
UK	620	2,500	5,500
Rest of EC	200	1,500	7,000
Total	820	4,000	12,500

Source: Hillier Parker Research





INTERNATIONAL PROPERTY

COMPANY NOTICES

RAND MINES

EAST RAND PROPRIETARY MINES, LIMITED
(Incorporated in the Republic of South Africa)
Registration No. 01/00773/06

RATIONALISATION AND FINANCING PLAN

An agreement has been concluded with the Government and the company's major creditors on a plan for the rationalisation of underground operations and financing arrangements.

A number of aspects of the plan have already been implemented.

Those aspects which depended on final approval of the plan by the Government will be implemented as rapidly as possible.

The major features of the revised plan are as follows:-

(a) activities will be concentrated in the high-grade underground sections, mainly in the eastern portion of the mine, and on sand treatment operations;

(b) an additional loan facility of up to R35 million will be advanced by Rand Mines Limited and will bear interest at prime rate;

(c) certain assets surplus to the proposed scale of operations will be sold;

(d) repayment of 30% of the company's liability for interest due, on the loan facility of R60 million granted by First National Bank of Southern Africa Limited and the existing loan facility of R20 million granted by Rand Mines, will be extended beyond the currently agreed period until the company can afford to meet these obligations, or 31 December 2002, whichever is the earlier;

(e) the Government has undertaken, if necessary, to make available further facilities, not exceeding R33 million, after 1 January 1993, either as a loan, guarantee or subsidy, to enable the company to meet deferred interest payments due on the Consortium loan;

(f) Rand Mines (Mining & Services) Limited will reduce its management fee by 50%, effective from 1 January 1990, to 30 December 1992, and this shall be subject to a maximum annual amount of R3 million.

Registered Office:
15th Floor, The Corner House
63 Fox Street
Johannesburg 2001
(PO Box 62370, Marshalltown, 2107)
Johannesburg

Secretaries in the United Kingdom:
Viaduct Corporate Services Limited
40 Holborn Viaduct
London EC1P 1AJ

ACTUARIAL RESULTS

INSTITUTE OF ACTUARIES

The following candidates have completed the examination requirements for the qualification of Fellowship of the Institute of Actuaries.

R S Akroyd	York	C R Foster	Cape Town	C olin S Price	Liverpool
J H Aldred	London	Mrs V M Gadd	Horsham	B W Radford	Salisbury
Mrs S Ash	Birmingham	L D Gentry	London	M C Rawe	London
M D Ayre	London	Mrs G F Gillespie	London	D B Rawlinson	Salisbury
J S A Ball	London	S Gilliat	Peterbourgh	T D A Reay	London
T I Banister	London	Miss K Goldschmidt	London	P M Redhead	York
M J W Barge	Salisbury	A A Grant	Kingston	A J Reed	Horsham
N M Bateman	London	D G Grant	Johannesburg	A D Rendell	Bristol
A J Batley	Kendal	Mrs W M Gray	London	S R Rice	Horsham
P G Bayliss	Norwich	Robert J Green	Bristol	N D B Richardson	London
D N Beeton	London	M Greenwood	London	B D Rickayzen	London
D R Berenbaum	London	B S J Hall	London	Mrs S G Robinson	Salisbury
B Bhayani	London	J C Harrison	Birmingham	N D Rose	London
S G Bishop	London	J C Hawes	London	O M Rowlands	London
D A Bissell	Birmingham	S J Head	London	G T Russell	London
G D Blay	Horsham	Mrs D C Hedges	London	N J Rutter	Birmingham
C G Bolton	London	Mrs R R Higgins	Horsham	C F Sandford	London
I A Boonin	London	Miss S E Hirst	London	J A Schuman	London
R S Bostock	London	N J A Howitt	Bristol	T Scott	London
R J Boulton	London	R J Hughes	Norwich	T S Sexton	London
R J Bradshaw	York	W J Humphries	Belfast	D A Shaffer	London
Miss C M Brennan	Dublin	Mrs S Jackson	Horsham	Nylesh Shah	London
L A Brennan	Dublin	Ms M B James	London	S M Shepley	London
A D Briggs	London	L Janse Van Rensburg	Johannesburg	R M Shermon	Bristol
Miss R E Briggs	Dublin	J R Jeffs	Salisbury	Miss F E Silcock	London
D G Briscombe	Salisbury	M S Johnson	London	H R Sime	York
Mrs J A M Brock	London	G B Jones	Hong Kong	C A Simmons	London
D F Brown	Cape Town	S M Jon es	London	C J Simmons	Horsham
M C Brunet	Horsham	Miss M P Keaveney	Dublin	J B Smith	London
I J Bullock	York	N D Kent	London	J A F Staffurth	Wellington
J E G Camacho	Port of Spain	J B Klein	Cape Town	A D Stanworth	Liverpool
N D Carter	Bristol	D J Lane	London	I Stark	Edinburgh
R G Chadburn	Birmingham	P A Leandro	London	E M J Steedman	Edinburgh
C W Chadwick	Edinburgh	P J Lee	London	M A Stocker	London
S Chandaria	London	R J Leerkamp	Cape Town	M J Tankard	Norwich
N M Chapman	Bristol	S W T Leslie	Cape Town	G J Tansley	Horsham
G A Clark	Horsham	M W Lomax	London	N H Taver ner	London
P K Clark	London	W P Long	Birmingham	K M Taylor	Kendal
G A Collard	Horsham	A P Lowe	Horsham	A J Templeton	London
Miss D R Cooper	London	C J Mapp	Bristol	N J Towers	London
S G Corbett	London	D J Mark	London	S N Townsend	London
P G Cosgrave	Dublin	P Martin	London	M C Train	London
Miss S M Cosser	Kendal	G Mellor	Salisbury	J N Trezise	London
A Cowley	London	A J Mitchell	London	F B Turley	London
M L Cranfield	Bristol	Ms K A Morgan	Norwich	M L Underhill	London
P S Dalton	Dublin	P L Morrall	Cape Town	D G Upton	London
R H Davies	Bristol	J S Moss	Bristol	H A Van Wyk	Cape Town
N P Davis	Bristol	Miss S E Murch	London	S Varney	Wellington
R M Davis	London	Y D Murray	London	Mrs J Venables	Birmingham
Miss M De Stadler	Cape Town	D P Myers	Manchester	D N Wakerley	London
S P D Devine	Dublin	S J Noonan	Virginia	N P Walton	London
A R Diensl	Johannesburg	S M O'Ceallaigh	Dubli n	Miss G Warren	Bristol
C E Dowthwaite	Manchester	M D O'Connell	Birmingham	J Webster	Norwich
K S Duz	London	H G Onions	London	M W Whyms	Dublin
P G Duffy	Dublin	J R Orbell	Norwich	T P Williamson	London
D E Dyer	London	A P M O'Riordan	London	J N Wilson	Norwich
J A Edwards	London	C E J Packer	London	S J Wilson (1988)	London
K D Ellis	London	J M Palgrave	Salisbury	R D Winter	London
P A Ellis	London	G N Palmer	London	I E Woolliss	Horsham
C J Exley	Liverpool	Mrs K L Payne	London	Miss P Wriglesworth	York
D Fairs	London	C R Pead	Salisbury	B R Wyatt	London
J P Feely	Dublin	S N Pearson	London	J J Yates	Manchester
A J M Findlater	London	M Pickles	London		
D W Ford	Salisbury	J M Piper	London		

The following prizes have been awarded as a result of the recent examinations.

Sir Joseph Burn Prize (awarded by the Institute of Actuaries):

A D Briggs (London)

Worshipful Company of Actuaries Prizes:

D A Collinson (Salisbury)
P A Ellis (London)

FINANCIAL TIMES SURVEY

BIRMINGHAM & THE MIDLANDS

FINANCIAL AND PROFESSIONAL SERVICES

Friday, July 13, 1990

The restructuring of the West Midlands economy in the 1980s saw the rapid growth of professional and financial activity in Birmingham. However, the city still lives in the shadow of London and its proximity to the capital may yet stifle further expansion. **Richard Waters** reports

A convenient alternative

IN THE financial centre stakes, Birmingham has come a long way in recent years. The wholesale restructuring of the West Midlands economy during the 1980s has given a lift to professional and financial businesses in the city, as elsewhere in the region.

Inward investment, which has brought in its wake a bevy of foreign banks, has added to the activity. And financial businesses from south-east England have begun to see Birmingham as a cheap and convenient alternative location to base some or all of their operations.

Some local professionals and bankers claim that these developments have created a free-standing financial and professional community that can handle anything demanded of it by companies of almost any size. But a traditional influence on the Birmingham financial scene – the proximity of London – has not been superseded.

With corporate finance skills almost on the doorstep, there has been little incentive for corporate financiers to move to Birmingham. Living under the shadow of London is a consequence of being so close.

London also remains the centre for capital: whether it is the presence of the capital markets, the ability to syndicate a loan, or simply the need for a clearing banker to have lending sanctioned centrally.

Local blue chip companies look to London for their capital and much of their professional and financial advice. That surprises and disappoints some of those who are new to the city and had expected a fully-fledged financial centre.

"The corporate finance skills of the merchant banks and stockbrokers could certainly do with being stronger," says one professional.

In spite of the umbilical cord of London and its capital markets, financial and professional services firms have grown rapidly on the back of the changes in the West Midlands economy during the mid and late-1980s.

This has produced large and active legal and accountancy firms. The lawyers, in particular, have acquired a reputation that extends well beyond the region.

Professional firms are among the biggest employers in the centre of Birmingham, and are taking up much of the prestige office space coming on to the market. Accountancy firms Peat Marwick and Coopers Deloitte employ 860 and 800 people respectively, while Wragge has just set a record by agreeing to pay £25 a square foot for 140,000 sq ft of space on Colmore Row (60,000 sq ft to be relet).

Other prominent sites intended for financial and professional firms include a development for Wesleyan & General, one of two local insurance companies in which lawyers Pinsent will share; a headquarters for TSB Bank; and a home for Price Waterhouse.

The restructuring work that has fuelled the growth of the professionals has led to a demand for venture and development capital. The largest venture capitalist in the region, 3i, had a hand in 80 of 120 deals done last year, while the development capital arms of all the clearing banks have a presence.

The significance of management buy-out activity to the region is clear. The local 3i office has handled about 15 per cent of the buy-outs financed by the group around the country in the last 10 years. The West Midlands economy, by contrast, accounts for only about 8 per cent of the UK economy as a whole.

Several international banks have arrived in the past two years, adding kudos to the area, even if they are mainly representative offices which have yet to undertake any banking business.

The West Midlands is making its mark as a home for relocating financial services companies. The most conspicuous arrival so far is the planned move of the head office of TSB Bank to the city early in 1992.

Mr Roger McSweeny, TSB personnel director, mentions two factors that have tempted the bank to Birmingham: the cost of office space and the availability of labour. TSB's city centre site is costing it less than £25 a sq ft, compared to about £65 in central London. And, unlike other regional cities which won relocating companies in the 1980s, there is still an available pool of local clerical and administrative staff. Staff turnover is likely to be under 10 per cent a year, half that of London, says Mr McSweeny.

Apart from the cost of the move, the TSB expects to save £10m a year.

These attractions could pale. The cost of office space is already climbing fast, and office workers (both clerical and professional) are likely to be in short supply in the years ahead. Unemployment in the West Midlands has fallen from 14.2 per cent in 1983 to 6.1 per cent. According to a recent report by accountants Coopers & Lybrand Deloitte, seven out of every 10 companies expect a severe shortage of computer specialists, qualified accountants and professional engineers.

It is no wonder that Birmingham is out to overcome its traditional image as an ugly, unpleasant city in which to live.

"We have to tell our story properly – it's our own fault," says Mr Roger Dickens, senior partner of Peat Marwick McLintock and chairman of a new association of financial and professional groups which is out to lift the city's image.

It is not just a public relations problem, though: the expanding city centre is being slowly strangled by the concrete ribbon of its inner ring road. Broaching this barrier is among the most important obstacles to be overcome if the city is to achieve the status it craves.

Meanwhile, recent growth rates in the financial and professional sector are unlikely to be sustained. The restructuring of the past few years is largely completed.

This, and the slowdown in the local economy, have hit the deal-making that has fed the local financial firms during the 1980s. Some challenge the assumption that the deal activity of recent years is over. Mr David Haggett, senior partner of Evershed Wells & Hind and an experienced buy-out adviser, argues that the supply of buy-outs is as strong as ever. Mr Peter Williams, head of the local 3i office, points to buy-ins as a growing phenomenon.

However, most report less demand this year for the sort of deal-making skills which flourished during the 1980s. Optimists say that, by the autumn, the deals will return. Others are less sure.

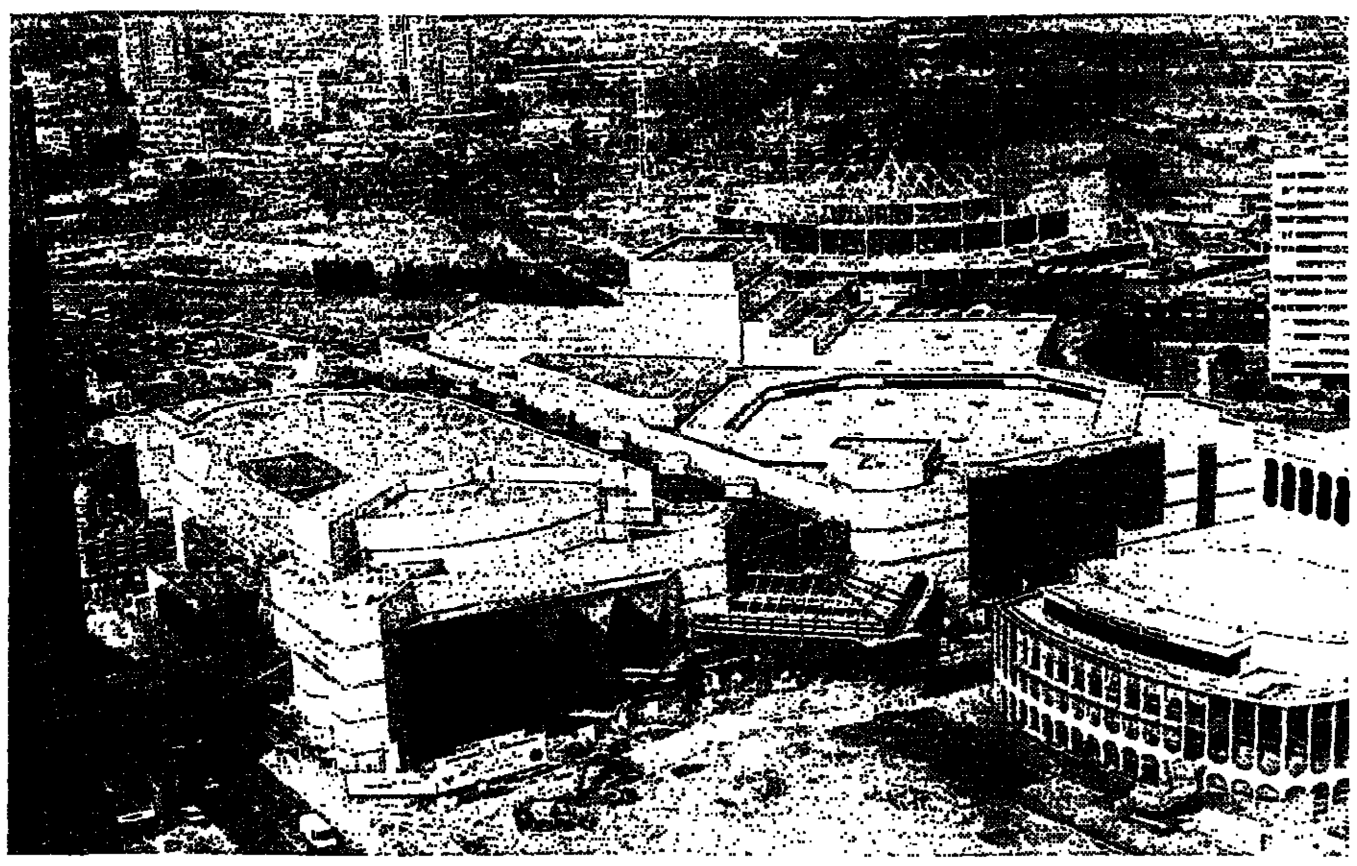
That leaves three ways for Birmingham's financial sector to grow: on the back of the local economy, by stealing business from the old enemy in the south, or by establishing itself as a European centre in its own right.

Locals remain confident about the prospects for the local economy. Not having overheated as much as in other areas, the West Midlands economy has less cooling down to do.

There is also greater confidence in the quality of local managers, and a belief that the area is in far better shape than it was before the turndown of the early 1980s.

On top of this, West Midlanders claim that a number of developments have given their area a new significance. The successful National Exhibition Centre is to be complemented in the city centre by an International Convention Centre, and transport links are to be improved with the opening of a new motorway to the south.

It remains doubtful, though, whether professionals and financiers in the West Midlands can win work from London, which will always remain a magnet for large corporate transactions. And the ambition of becoming a European centre, to rank alongside other prominent second cities such as Frankfurt or Barcelona, remains only a dream.



International Convention Centre will complement the National Exhibition Centre and give the area a higher profile

IN THIS SURVEY

Richard Waters looks at how the West Midlands compares with the north-east

Financial centres flex their muscles

THE muscle-flexing is inevitable. Pitting the financial centres of Birmingham and Manchester against each other is like matching two bodybuilders on a beach. There is much showmanship and rippling of flesh, though the spectacle is a slightly embarrassing one to watch.

The muscle men certainly care about the outcome. Professionals in these two regional centres spend much of their time trying to outshine each other, as if their next month's salary depended on it.

A glance at the credentials of each side gives some idea of the scope of the contest. The table illustrates how the north-west and the West Midlands economies compare, and the range of financial institutions in the main financial centres of each area.

In broad terms, the north-west is economically larger and better off than the West Midlands (in 1988, the most recent year for which figures are available, it accounted for 10.4 per cent of gross domestic product of the UK, compared with 8.3 per cent for the West Midlands).

This, and the higher disposable income per head, suggests that the north-west should be able to support a stronger financial and professional community than the West Midlands – particularly since it is further from London and so is likely to lose less business to the financial capital.

However, other factors weigh in Birmingham's favour – its position in the centre of the country brings other regions within the net of its financial centre, enhancing its appeal.

Comparing the size and scope of the two main financial centres – Birmingham and Manchester – is difficult, although a glance at the figures makes interesting reading.

In the professions, Birmingham stands head and shoulders over its competitor. Its largest law firm, for instance, employs 500. According to "The Legal 500," that makes it the largest outside London (though some of its staff, in Nottingham, are technically outside the immediate area).

Davies Wallis Foyster, the largest law firm in the north-west, employed 215 at the start of the year.

Size, of course, is not everything – but it counts for a lot.

THE FINANCIAL CENTRES

	Birmingham	Manchester
Overseas banks	23	28
Merchant/inv. banks	9	7
Venture Capital companies	13	17
Stockbrokers	12	17
Cost of office space (1989)	£17 sq ft	£13 sq ft
Daily scheduled international departures from local airport	65	40

Legal 500, Central Statistical Office, British Airports Authority, Peat Marwick, Coopers Deloitte

THE REGIONS

	West Midlands	North-west
Regional GDP (1988)	£32bn	£40.4bn
Proportion of UK GDP	8.3%	10.4%
Regional unemployment rate	5.9%	7.5%
Disposable income per head (compared to UK average)	90%	94%

Legal 500, Central Statistical Office, British Airports Authority, Peat Marwick, Coopers Deloitte

It helps to attract staff (except those that want to stay in a small firm), and increases a firm's marketing clout (an important factor for lawyers in the marketing-conscious 1990s). The fact that law firms in the north-west are undergoing a bout of mergers seems to confirm this.

Another factor worth noting about lawyers is that the top 10 law firms in the West Midlands have fewer partners than the top 10 in the north-west – a sign either that those in the north-west are overpartnered, or that clients are more likely to deal with a partner than they are in the West Midlands.

Accountants are numerically far stronger in the West Midlands than the north-west. The Peat Marwick office in Birmingham employs 860 people, and had a fee income last year of nearly £35m. Were it an independent practice, it would have been one of the 15 largest accountancy business in the country in its own right.

In other respects, though, Birmingham is a less-developed financial centre. It has less of a merchant banking culture than Manchester, with its long-established trading links.

Birmingham, by comparison, is admitted by its inhabitants to have been traditionally more inward-looking. It has trade connections abroad, but has made few overseas corporate links. The denizens of its financial quarter talk about the need to look towards the European continent, to turn themselves into a leading European city, rather than just a UK one. But besides the talk, there is little evidence of links being forged – unlike Manchester, where every inhabitant is ready with a tale of some cross-European deal or other.

Birmingham's airport has a third fewer scheduled international departures each day than Manchester, a sign of the less cosmopolitan nature of the area. However, a £50m terminal is being built at the airport, which is likely further to increase its traffic.

Banking communities are difficult to compare. Simply counting the number of overseas banks is largely a fruitless occupation, since many are merely representative offices. Numerically, there is little difference – though Birmingham can boast six (soon to be seven) Japanese banks, while Manchester has only two.

The same difficulty arises with stockbrokers. Numbers count for less than the quality of the firms. In this respect, the north-west comes out ahead: it has three brokers with strong institutional and corporate arms (Henry Cooke Lumsden, BWD Rensburg and Charterhouse Tilney) compared with Birmingham's two (Albert E Sharp and Smith Keen Cutler).

Regional chauvinists will no doubt contest such claims. But what counts is not how many bankers, brokers or lawyers a *town has, but whether or not* local companies and individuals can get the sort of services they want with ease. From this point of view, it does not matter if financial or professional skills are being provided from elsewhere, so long as they are available.

For Birmingham – and to a certain degree for Manchester – it will always be more efficient to use London-based experts rather than house them locally. Only Edinburgh can escape the power of the capital to a greater degree – although even that city is not as far away as it used to be.

Foreign interest in the banking sector is growing

Outposts branch out

TWO years ago, Birmingham had eight international banks. Today, it boasts 23 – a sign of the inward investment that has helped to rejuvenate the West Midlands, bringing overseas financiers scurrying to the region.

Birmingham has had invasions of foreign bankers before. US banks arrived in force in the mid-1970s, only to withdraw as the recession of the early 1980s and the banks' own depleted capital bases took their toll. At one time, Bank of America employed 100 people in the city. Now it is not even a name in the local telephone directory.

The Japanese, the most visible sign of the latest influx, have arrived in a very different way. Of the six Japanese banks with offshoots in the West Midlands, four (Tokai, Mitsui, Sanwa and the Bank of Tokyo International) have arrived within the past year to be close to Toyota, which is to build its main European can plant 35 *miles away in Derbyshire.*

Two others have been around longer – Sumitomo (since 1984) and Mitsubishi (1988) – while a seventh, Bank of Yokohama, is due to arrive in September.

These banks are mainly representative offices, to act as conduits between the UK and Japan. Mr Matsumoto, Tokai's representative who has been in the city since last August, says his main function is to provide information and contacts for Japanese companies looking for a European base.

Most other foreign bank outposts in Birmingham are representative offices, rather than fully fledged branches. According to Mr Peter Heath, who runs the local branch of Société Genéral, just six banks run fully-fledged branches.

The city is not yet overbanked. If anything, there is room for more foreign banks. At the last count, says Mr Heath, there were 54 French companies with subsidiaries in the West Midlands, and three French banks to serve them. By contrast, there were 170 German-owned companies, but not one German bank.

The picture could change as foreign institutions put down local roots. Soc Gen, which has been around longer than most, now reckons to do 30 per cent of its business with French-owned companies, compared to 60 per cent 10 years ago.

The Japanese have their sights set on a similar move into the local market. But it takes time, the bank taking its first step, recruiting a business development officer, but has *yet to apply for a banking* licence to operate in Birmingham, says Tokai's Mr Matsumoto.

The economic slow down that has percolated up from the south-east and into the West Midlands makes this a bad time to build a banking business from scratch. Loan demand is flat, making local banks particularly aggressive in their attempts to hold on to their market share. However, the attitude of the new entrants seems different from that of the US banks that preceded them – and most expect the recession to be less severe than that of the early 1980s.

Until these banks have established local contacts, they are unlikely to make any inroads into the market shares of the four largest clearing banks, which account for an estimated 90-95 per cent of local commercial banking assets. The spread between the four is more even than elsewhere in the UK, thanks largely to the historical connection of Lloyds Bank and Midland Bank to the area (both trace their origins to Birmingham).

Competition among the clearing banks has become hotter in the past three years, and is likely to remain intense while demand for loan finance stays flat.

All banks are trying to establish closer relationships with local businessmen. Barclays, for example, plans to keep the managers of its local business centres in place for five years, rather than the usual three. Mr Heath at Soc Gen says he plans to stay for at least five years. These moves are symptomatic of the banks' realisation that competition tests banking relationships to the full. According to Mr Bill Watkins, assistant corporate director at Barclays' regional office: "The climate is so much more competitive . . . everyone is trying to get closer to their customers."

The economic slow down has brought few substantial corporate failures, and hence few big write-offs for the banks. Large local failures are likely to have little affect on local banks anyway: local blue chip companies tend to be financed mainly in London, with local bank branches picking up only relatively modest facilities.

For these reasons, the collapse of home furnishings group Coloroll has had little effect on the financial community outside the capital, even though it was headquartered in Manchester and had factories in the West Midlands.

That is not to say that the banks do not suffer losses in the regions. The largest recent example is thought to be that of Eagle Trust, the mini-conglomerate whose shares were suspended last year. Eagle's former chairman, Mr Ferriday, and a former director, Mr Richard Smith, now face theft charges. The Birmingham grapevine is alive with talk of the losses that Lloyds Bank has sustained running into tens of millions of pounds though the bank refuses to discuss the case.

While there is no shortage of commercial banks, Birmingham has a distinct lack of merchant banking expertise. The subsidiaries of the big clearers, including TSB (through Hill Samuel), have a presence, as does Kleinwort Benson. But the closeness to London has stunted the development.

This matters only to those who want to promote the city as a complete financial centre. Others say that, as long as local companies can get the help they want, it does not matter if some of the skill is coming from London.

Richard Waters

The Hyatt Regency Hotel

The demise of the stock exchange

Floored by screens

THE Birmingham Stock Exchange was launched on a wave of popular capitalism. The Economist summed up the mood, 145 years ago: "Everybody is in the stocks now. Needy clerks, poor tradesmen's apprentices, discarded serving men and bankrupts – all have entered the ranks of the great monied interest."*

Those heady days, ushered in by a rash of railway company promotions in the early Victorian years, seem little different to the shareholder democracy created by the privatisations of the Thatcher era. For the Birmingham Stock Exchange, though, the wheel has turned full circle.

Its trading floor will soon close down, in final acceptance of the dominance of disembodied screen-based dealing. The

The exchange is likely to retain only a marketing presence

floor is the last in use outside the capital, which is used by the London Traded Options Market.

The demise of the floor is symbolic of a deeper problem facing the market for local companies' shares. For many small companies, there is little or no stock market left.

This has little to do with the fate of the exchange's floor, but is due rather to the lack of market makers willing to quote prices in smaller companies' shares.

This problem is not confined to the West Midlands, but it is one that is felt particularly acutely there, brought home by the closure earlier this year of FHF Market Makers. FHF, part of the Fyshe Horton Finney group, was the only local market maker, occupying the largest box on the exchange's floor until recently. A lack of business left it with the option either of putting up additional capital to carry on or calling it a day.

FHF had covered 150 stocks, around 100 of them small local companies. "It was set up as a service to local brokers, who followed local companies and wanted a market in their shares," says Mr Nigel Duckitt of FHF.

Does it matter that Birmingham no longer has its own market maker? No, says Mr Duckitt, "as long as there are market makers somewhere dealing in small companies."

The real problem for smaller companies is that FHF was not alone. It was only one of a string of smaller company market makers that have shut up shop in recent months, among them Stock Beech, Kitcat and Aitken and Robert Fleming.

In Birmingham, views are sharply divided about the significance of this. Some, such as Mr Nigel Harrison, head of research at Smith Keen Cutler point out that there were few jobbers in smaller company shares in the pre-Big Bang days, so little has changed. There never will be an active market in such companies, given the small amount of stock they generally release to the market.

Most, however, agree that having only one or two market makers in a particular company does not make a true market, and that something needs to be done to ease the profit pressure on market makers under the current trading conditions.

Those in this camp argue either that the stock exchange's trading rules should be changed to favour the market makers, or that a special levy should be raised to compensate them.

Mr Simon Sharp, chairman of Albert E Sharp, says the exchange should increase its listing fee on all companies, and that this money should be used to subsidise market makers.

Meanwhile, Albert E Sharp is the only potential candidate for the job of market making in the Birmingham area. "We're looking at it and monitoring the prospects very closely. We are unhappy with the lack of

For the stock exchange the wheel has turned full circle

market makers," says Mr Sharp.

Critics point out that firms such as Sharp are part of the problem. By matching buyers and sellers for small company shares, they divert business away from the market makers. Albert E Sharp reckons that, in this way, it provides the main market for shares in some 100 companies.

Mr Sharp counters that institutions pay too little in commissions to leave room for any market maker's turn. Sharp would like to show more of the business to the market to allow market makers to make a living, but simply can't afford to.

The only thing holding Sharp back from making markets is a concern that, by entering the market, it will undermine its reputation as an independent broker.

One possibility is to form a joint venture, making a virtue of the need to take in outside capital to support a risk-taking business. Though run by Sharp, it would be less closely connected with the firm if the majority of shares were held elsewhere.

Meanwhile, the five brokers still represented on the trading floor in Birmingham are preparing to leave. The stock market left some time before them – perhaps as long ago as 1973, on the full merger of the UK's exchanges.

Two jobbers persisted on the Birmingham floor until Big Bang in 1986. Even then, Birmingham's share traders stayed, like ageing students fearful of the outside world. The presence of a market maker after 1986 – the newly created FHF – seemed to give some justification to those that remained.

The handful of brokers that remain (none of them the city's leaders) are attracted more by the cheap rents of their boxes than any lingering desire to rekindle by-gone days. They will be driven away soon.

Admitting the death of their stock exchange is not easy for the Birmingham financial classes. The 1920s building on Margaret Street is a symbol of the city's financial life, and a link with the financiers of the nineteenth century.

"It's a shame. The floor could have been exploited more than it has been, particularly from a PR point of view," says one unhappy broker. It is still a convenient place to pick up market information about what other brokers are up to, he says: retreating to their offices will make it more difficult for the brokers to operate.

The local outpost of the stock exchange, meanwhile, is preparing to admit to the reality of life in the late twentieth century. Apart from its trading floor, its main purpose in Birmingham is to act as a settlement centre (a function which keeps half its staff busy). The introduction of paperless settlement, planned for the end of next year, spells the end for this operation too.

It also acts less and less as a focus for the local broking community. Since 1986, the regions have not had automatic representation on the Stock Exchange council (before, Birmingham had two seats set aside for it). The exchange is shrugging off trade association functions, leaving it to other groups to represent its members' interests.

The trading floor is the last still in use outside the capital

A new association is being formed to represent private client stockbrokers and investment managers around the country, probably spelling the end of the exchange's direct involvement in such matters.

That will leave little for the exchange to do in Birmingham, in common with other regional centres.

The stock exchange is likely to retain only a marketing presence, selling and supporting the exchange's Topic screens, and promoting the idea of the stock market to local companies and investors.

This is a far cry indeed from the first wave of popular capitalism on which the stock exchange was born.

Richard Waters

**A Short History of the Stock Exchange, Birmingham*

Richard Waters looks at the stockbrokers

Private clients add value

BIG BANG and the crash of 1987 have changed the shape of the stockbroking business, and Birmingham is no exception.

Most brokers have become part of larger groups during the upheaval that followed the Big Bang reforms of 1986. In Birmingham, they include: Murray & Co (part of Allied Provincial, which 48 per cent of which is owned by James Capel and PosTel), Chambers & Remington (Lloyds Bank), Smith Keen Cutler (Midland Bank) and Margetts & Addenbrooke (National Investment Group).

Another, Fyshe Horton Finney, flirted with Michael Ashcroft's ADT before its directors bought back 30 per cent of the company two years ago. It stands alongside Albert E Sharp as one of the few remaining independents, but is scarcely comparable to the more powerful Sharp.

No Birmingham brokers have closed down in the wake of low volumes of business in the past two years, but most have retrenched. FHF, for example, now employs 14 people on the broking side compared to 28 before the crash. Its market making business has gone altogether.

Different firms have found different ways of reducing their overheads. Those that are part of larger groups have benefited from cost sharing. Murray, for example, no longer employs settlement staff (business of Allied Provincial firms is settled in Glasgow or Plymouth) or dealers (Allied Provincial's private client deals all pass through Glasgow).

The changes have left the broking community less confident than it was, although the national links have provided backbone to firms that might not otherwise have come through tougher times.

The broking community is dominated by one firm: Albert E Sharp. Sharp decided 10 years ago that it needed to diversify away from its institutional broking business, where it made virtually all of its profits, says chairman Mr Simon Sharp.

Sitting alongside its institutional broking side are corporate finance, personal stockbroking and venture capital, as well as a 30 per cent stake in the British Telecom Sharelink execution-only stockbroking business. Private clients contribute 40 per cent of profits.

Sharp's institutional and corporate presence are significantly more powerful than its rivals. It has 10 analysts and the same number of salesmen. It suffered from the loss of its four top analysts at the time of Big Bang, and has only returned to its previous size on the research side – although none of its analysts appear in the Extel rankings of top researchers, as they once did.

On the corporate side, Sharp has 60 brokerships, most of them from the West Midlands. It reckons to provide the main market in the shares of up to 100 companies, although it is not a market maker.

Sharp's other leg, besides private client broking, is venture capital. Its subsidiary, Sumit, which has been operating since 1979 and operates three funds worth nearly £60m, is one of the leading venture capital firms in the region.

Sharp switched from a partnership to a PLC two years ago in preparation for a flotation. That is unlikely to be soon, given market conditions.

Smith Keen, a close rival of Sharp before it lost ground in the 1970s, is staging a comeback of sorts. Other professionals are divided about its success so far, but most are eager for the firm to emerge as a true rival to Sharp.

It now lists 30 corporate brokerships, and has helped raise £30m for small corporate clients so far this year. It also carried out its first merger and acquisition work this year, selling Monks & Crane, a local fastener manufacturer, to West German group Wurth.

On the institutional side, Smith Keen has four researchers covering 100 stocks, two thirds of them local. This is a difficult business to sustain, says Mr Nigel Harrison, head of research: without local institutional ties, an equity sales business in the provinces must be talented to win business from the mainly London-based investing institutions, he says.

Other local brokers have less institutional and corporate business. Murray has 16 corporate brokerships, although it picks up other corporate business from around the Allied Provincial network.

Its research is concentrated on its 16 corporate stocks, with another 20 or so besides.

All West Midlands brokers, however rely for the largest part of their income on private client business. It is the largest single contributor to Sharp's profits, at 40 per cent, and accounts for 70 per cent of the business at Smith Keen and 80 per cent at Murray & Co.

The shedding by London firms of their private client businesses has played to the strength of provincial firms, where costs are lower and most types of client are welcomed.

The sizes of client lists are difficult to gauge, since there is no consistency on how brokers define what constitutes a client, but firms quote the following figures: Albert E Sharp, 6,000 clients (1,200 of them discretionary) with nearly £400m under management; Smith Keen, 12,000 clients (over 1,000 of them discretionary); FHF, 8,500 clients and £4m under management (including money in a managed personal equity plan); Murray, more than 5,000 clients and £100m under management.

Most brokers are dabbling with the introduction of fees for their private customers – hardly surprising, given the low commission income at present. The 1 per cent management fee recovered by FHF on its in-house PEP, for instance, is vital in seeing it through quiet times.

They are being driven more towards management fees by a threat that has appeared on their own doorstep. This is Sharelink, an execution-only service started by Sharp but which is now 70 per cent owned by British Telecom.

Sharelink is one of the national leaders in execution-only dealing, leaving little room for local brokers to compete on price alone. Most say they can stay in business by offering a higher level of service.

If customers come to expect lower commissions as a matter of course, though, the brokers will find it difficult to maintain the sort of quality advice they believe their customers currently obtain. If that were to happen, then the upheaval in the broking community of the last four years will prove to have been only the beginning of the reshaping of the stockbroking business

EXECUTIVE OFFICE CENTRES

When quality matters

A NEW generation of business executive centres has emerged in Birmingham to meet the demand caused by the city's economic recovery.

The upswing in Birmingham's office rental sector produced an immediate problem. There was a lack of good quality offices for the companies relocating from the south-east and abroad which had expectations that the city could not meet.

"Two years ago the quality and standards of offices in Birmingham was not acceptable to multinationals and companies from the south-east who were used to best," Mr Geoff Thomas of Debenham, Tewson and Chessire, confirmed.

"However, the increase in rentals and higher values has justified improving the standards of offices and the specifications in many centres are now as high as in London."

Warwick Executive Services was one of the first local companies to assess the potential for high prestige and commercially-serviced offices that were needed to cater for companies who wanted to remove the headache of setting up a new office.

The business centre office concept involves companies such as Warwick taking over the setting up and running of an office, or in the case of larger corporate clients, suites of accommodation on a no lease basis.

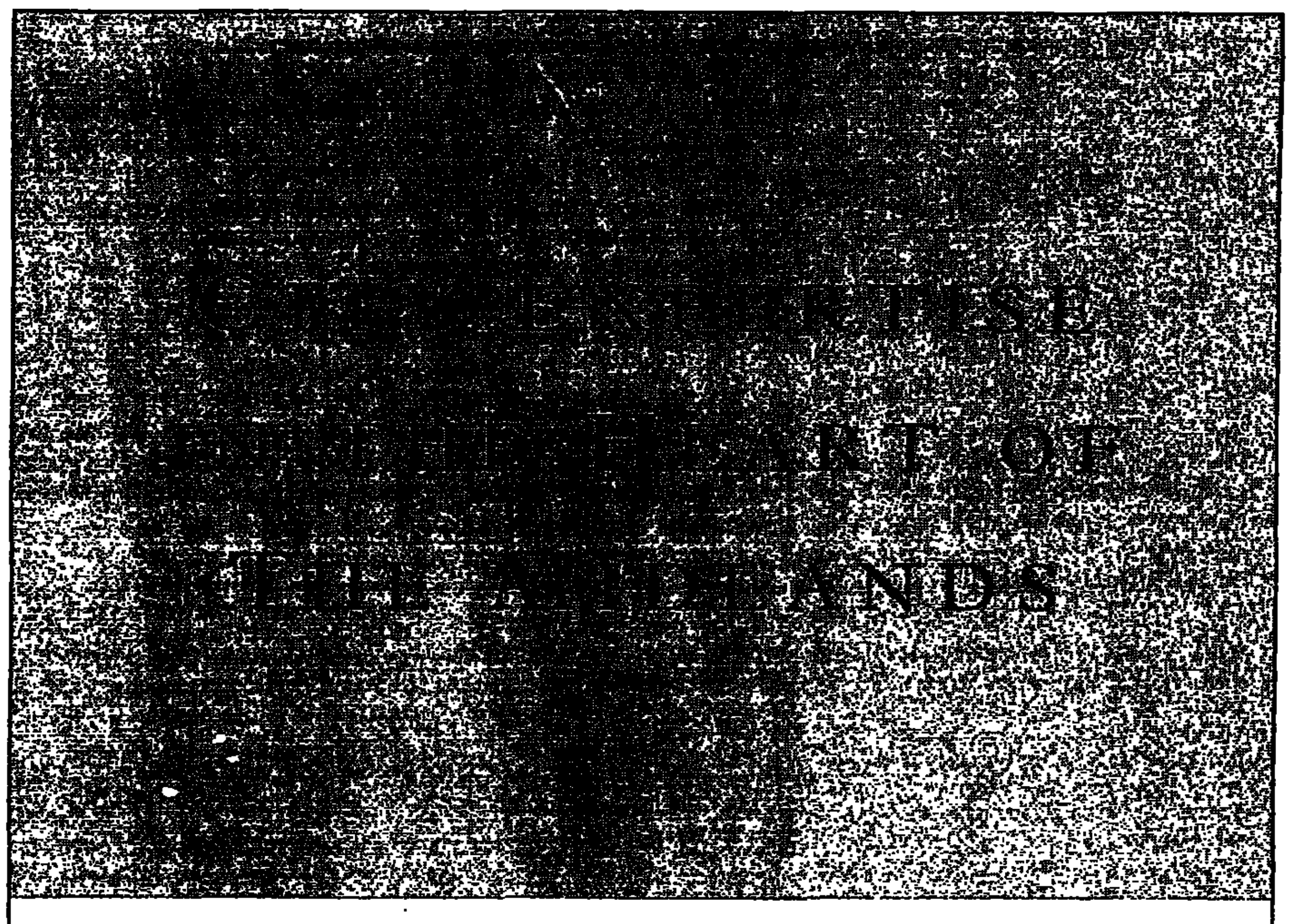
Mr James Hunt, director at Warwick said that the business centre's could halve running costs and for relocating companies eliminate the problems and costs involved in securing a lease, purchasing expensive office equipment and recruiting reliable staff.

They offer a service of setting up luxuriously furnished offices with secretarial, fax and photocopying facilities within 24 hours of being approached by a client.

The centres include a full-time receptionist, telephonist, telex and mailing service and conference and interview rooms.

The general rates, service charges, heating, lighting and cleaning are all inclusive within the package.

Ken Gibson



David Waller looks at the accountancy firms

'As good as London'

THE PARTNER in the Birmingham office of one of the Big Six international accountancy firms is tucking into the exquisite paté de foie gras served at an award-winning local restaurant. Before he can savour the delicacies prepared by the French chef, his portable phone rings.

It is a partner in the Amsterdam office of the same accountancy firm ringing up to arrange a meeting in the Netherlands. The subject of the meeting, quickly pencilled in for the following morning, is the proposed takeover of a publicly quoted Midlands company by a private Belgian enterprise.

The above incident highlights the cosmopolitanism of business life in Birmingham – the good French food and the international phone-call and the trip to the Continent. It also shows that Birmingham accountants are not shy of offering the same sophisticated, international financial services as their counterparts in London.

"We're as good as anybody in London and we have lots of other attractions," says Mr Michael Wareing, a partner in KPMG Peat Marwick McLintock, Birmingham's biggest firm. "We operate from a significantly lower cost base. We are far better served in terms of communications and we have all grown up in an aggressively commercial environment."

In short, Birmingham's accountants do not see themselves as being merely on a par with London – they are convinced that they are a bit superior.

This arrogance partly reflects the Brummy character; it also owes something to the growth in demand for accountants' services since the savage recession of the early 1980s. The pick-up in industrial activity in the region has inevitably had a knock-on effect for the firms and fees have been growing at 25-30 per cent a year for each of the last five years.

As elsewhere in the UK, the growth has come less from straightforward auditing, and more from special services, such as investigation work for the region's acquisitive public company sector and corporate finance – specifically, assisting local companies with the post-recession restructuring process and helping local entrepreneurs launch management buy-ins and buy-outs.

The vigorous regional economy has prompted an increase in demand for consultancy services: Price Waterhouse has 92 full-time consultants and Peats, which has located its national centre for manufacturing consultancy in Birmingham, has about 80. Given the region's industrial base, it is unsurprising that many of these consultants specialise in advising on CAD-CAM, activity costing and other services to the manufacturer.

Growth has propelled what were once small, regional offices into regional offices which rank as national firms in their own right. The Peat's practice, 920-staff strong, would rank as the UK's fifteenth largest firm if it stood on its own, followed in the league by the recently merged Coopers & Lybrand Deloitte (with 750 staff). Price Waterhouse and Ernst & Young are not far behind, with staff of some 500 apiece.

'We operate from a significantly lower cost base'

Beneath them are the local offices of the other Big Six firms and the medium-sized national firms – as well as a number of strong local practices.

The fortunes of professional firms are largely dependent on the vigour of their clients and the quality of their people. In Birmingham and the West Midlands, there is no shortage of good people, perhaps those with London experience who have woken up to the fact that the quality of life in Birmingham is far superior to that in London – and that the quality of work to be done is just as good.

What about the economic outlook? A recent survey – conducted by the Wolverhampton Business School, in conjunction with Warwick Business School and Price Waterhouse – suggested that Midlands' companies were in fact more optimistic than they were six months ago. But the outlook for the UK economy as a whole is far from rosy – and this is having a direct impact on the accountants.

As elsewhere in the UK, the busiest people in the firms are the insolvency specialists. The fees derived from insolvency balance the fall in other sorts of income – but not by enough to compensate for a wholesale decline in the fortunes of the client base over the longer term, and certainly not enough to cover the firms' overheads, perhaps bloated after a long period of expansion.

Thus Ernst & Young has reason to be pleased that it, rather than any of its competitors, found itself appointed as receiver to Coloroll, the home furnishings group with 15 factories in the Midlands area. But was the appointment a signal of worse things to come?

Mr Chris Lunt, managing partner of Ernst & Young's Birmingham office, says that the downturn has confined itself locally – as it has throughout the UK – to those sectors most grievously afflicted by the dual squeeze induced by low consumer spending and the high cost of money. A home furnishings company such as Coloroll fits into this niche.

The local manufacturing base is much more resilient than it was at the outset of the 1980's, argues Mr Lunt, and is thus in a better position to withstand a fully fledged recession. He adds that the investment interest shown in the area by Japanese manufacturers such as Toyota can only be good for the local economy – and the local professional services community.

The accountants make much of their ability to serve clients as well if not better than their colleagues in London, at four-fifths of the price. This is the sort of claim which professionals in other regional centres are happy to make and perhaps the real competition for Birmingham professional comes not from London but from Bristol or Manchester.

Nevertheless, the existence of such a large and sophisticated accountancy infrastructure in Birmingham and the West Midlands is in itself a strong selling point for the region.

VENTURE CAPITAL

A new realism

VENTURE CAPITALISTS like the West Midlands: there are plenty of would-be entrepreneurs with management skills honed during the savage recession of the early 1980s, and plenty of deals for them to do. The result is that the market has grown at 25 per cent compound over the past five years, and last year some £80m was channelled into the region in some 120 transactions.

The largest player in the region is 3i, which invested £30m-£35m last year in 80 deals and thus has a 60 per cent share of the local market. The venture capital arms of the clearing banks – particularly Lloyds and National Westminster via County NatWest – are also active, as is Sumit Equity Ventures, a large independent house with some 60 per cent of its £50m portfolio invested in West Midlands companies.

According to Mr Nigel Guy, investment director at 3i's Birmingham office, the pattern of investments in the region is almost the reverse of the position elsewhere in the UK. Some 60 per cent of its total investment in the region (which totals more than £160m invested in 400 companies) is in the manufacturing rather than the service sector.

"I think we are big enough here to say with some certainty that things are holding up well," Mr Guy says, reflecting on the state of the local economy. "The companies having problems are retailers and home furnishing suppliers. The manufacturing companies are lean and fit and the stronger ones are looking to expand – by buying up the weaker ones."

The trouble for the industry is that most deals require a substantial injection of cash as well as equity; with interest rates at penal levels, many deals are impossible.

Mr John Kerr, managing director of Sumit, observes that the economic climate has become "noticeably tougher over the last year." As the slow down took hold, he noted a falling away in the demand for transactions but he says that there has been a considerable pick-up in activity recently.

"At first, sellers of companies were hoping that the economy would revive and were holding out for the best possible prices for their businesses," Mr Kerr says. "Now there is a new realism and people are doing the deals in the expectation that the economy is not suddenly going to revive."

David Waller

Legal Services

Big four hold court

THE MARKET for legal services in the West Midlands is dominated not by any of the big London-based firms but by four strong regional practices.

These are: Edge & Ellison; Evershed, Wells & Hind; Pinsent & Co, and; Wragge & Co, all of which have been rooted in the region for decades and during the 1980s enjoyed a period of what a partner in the one of the Big Four calls "quite unprecedented growth."

The firms have done well for a variety of reasons, one of which is the revival of regional industry in the latter half of the decade, another is the ease with which they have been able to tempt qualified solicitors away from London to work in the provinces.

They are united in claiming that they can offer the same quality of corporate advice as any practice in London, at a much lower price. As a measure of this, the firms say that their clients are spread across the UK and not based solely in the Midlands.

There is evidence of a slow-down after at least three years of 35 per cent growth. Mr Andrew Rees at Evershed says that "there is unlikely to be real growth above inflation until after the election." Much of the firm's work has been tied to corporate finance activity, but interest rates and economic slowdown have had their effect, and the number of transactions has dwindled in recent months.

Birmingham lawyers are confident of the future: they have put much emphasis of practice management in recent years, and are as tightly managed as any firm in the City and they have concentrated on forging strategic alliances which reduce their dependence on the West Midlands.

Pinsent & Co, for example, is a member of the Legal Resources Group, the third largest grouping of lawyers in the UK.

David Waller

The city hopes the ICC will enhance its image

The jewel in the crown

THE International Convention Centre will provide the final touch that will turn Birmingham into an international business/finance city with facilities and appeal to match established centres in Berlin, Paris and Vienna.

The construction of the £148m centre is the jewel in Birmingham's revival that has dominated the skyline for the past two years and is being transformed internally for opening in April, 1991.

The ICC will be Europe's first purposed-built convention centre. It includes a complex of 11 halls, a 2,000-seat symphony hall and the multi-purpose National Indoor Sports Arena. These facilities will launch Birmingham as a potent force in the world convention industry.

In the last five years, conventioneering has become the fashionable way of raising money and a city's profile. Birmingham feels that its timing is right because it has benefited from learning from the mistakes made by other convention venues.

Just as the National Exhibition Centre in the 1970s was, and continues to be, a prime stimulator of economic opportunity and revival in Birmingham, so the ICC is set to be the catalyst for even greater investment in the 1990s.

The centre continues Birmingham's move from its dependance on the traditional engineering and manufacturing industries to a more service orientated economy.

Where the cynics predicted the NEC would be a white elephant, reaction to the ICC has been positive and in line with the changing image of a city that is perceived as a centre of prosperity and growing financial importance.

Mr Barrie Claverdon, sales director for the ICC and who heads a team to attract conferences from around the world, believes that with a year to go to completion, the centre has already played an important part in the general uplift of business activity within the city. "There is a correlation between the ICC and the economic revival of the city," he said.

Mr Claverdon admitted that selling the city had not been easy because of Birmingham's old image as a manufacturing centre. "In Europe we had to overcome an outdated and negative image, although the success of the NEC in Europe has been a great help in changing peoples' attitudes."

He found that the ICC had less of a problem in the US where Birmingham was virtually unknown. "The good thing about the US is that it does not have a negative view and when shown what we have to offer combined with the attractions of our heritage, the Americans have been very interested."

Mr Claverdon's aims to turn the ICC it into England's top convention venue and then to push into the top two in Europe and become a leading player in the world sector.

The centre is well on its way to achieving the goal with 50 conferences booked 10 months before opening and 150,000 delegates expected through the doors in the first year.

The ICC's impact on the city's economy will be considerable: it is estimated the centre will bring in between £19m and £20m for the first year.

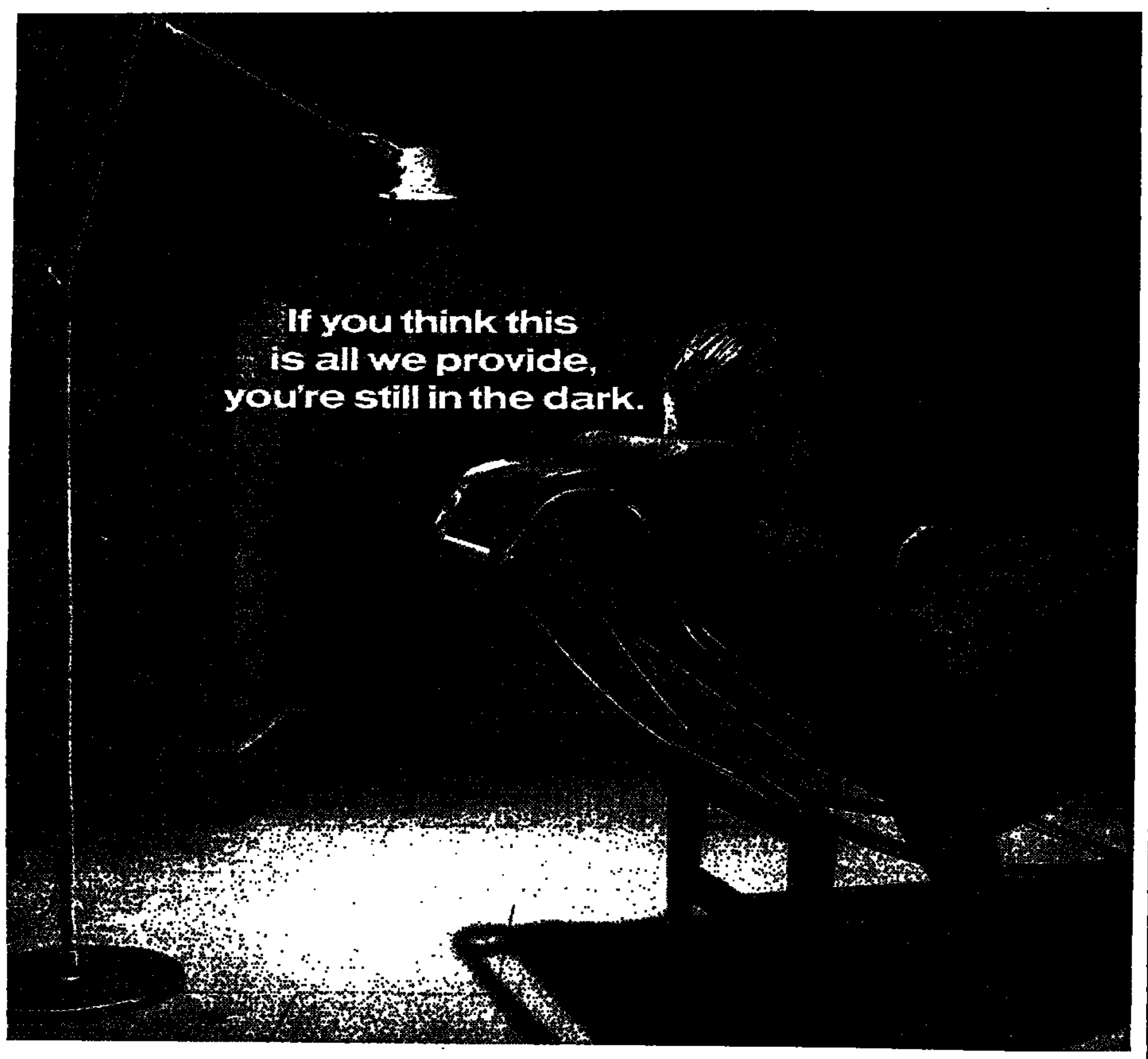
The financial sector has shown its support for the ICC by booking space for a series of corporate conferences. It sees the building as enhancing Birmingham's attraction to British and world industry.

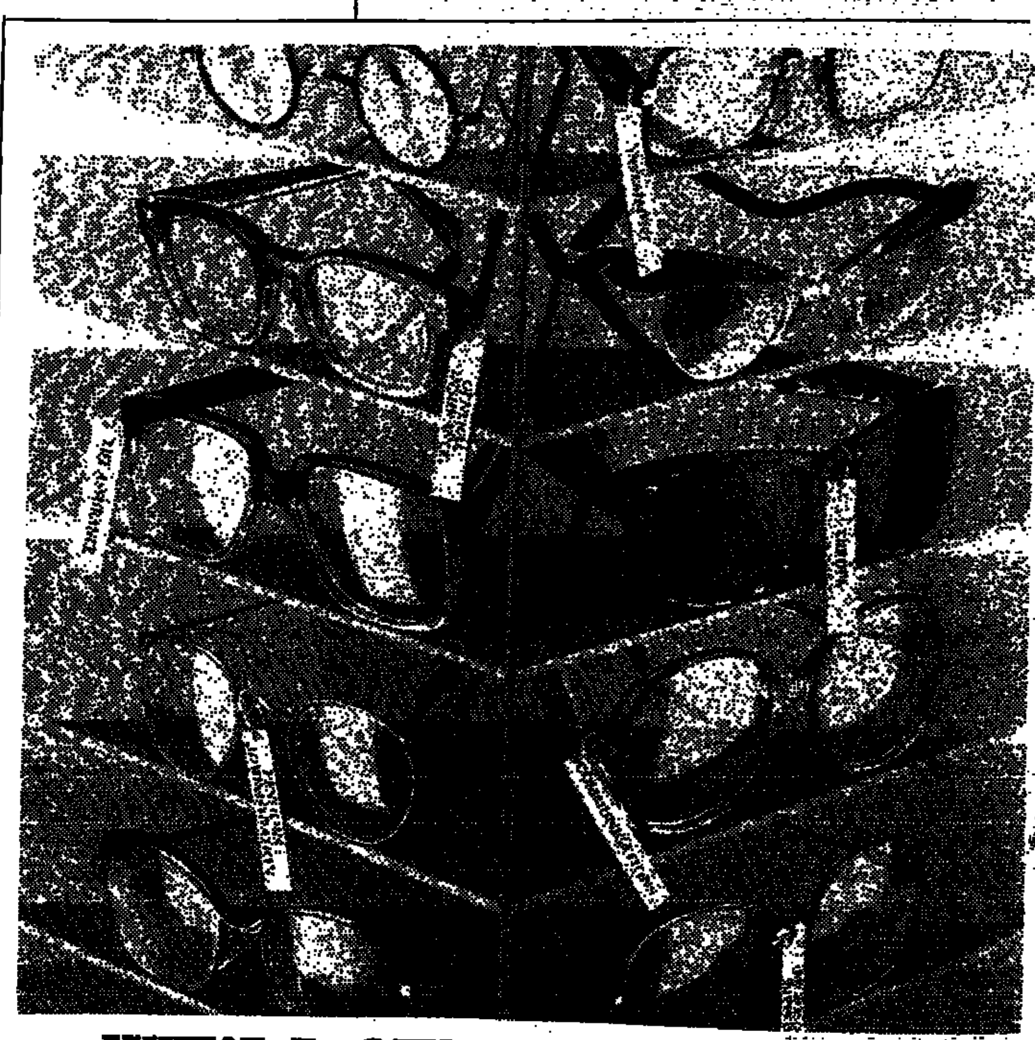
Leading accountants Peat, Marwick McLintock, have booked to be the ICC's first corporate users as well as staging an in-house conference for 1,000 staff next year.

Birmingham's world famous City of Birmingham Symphony Orchestra will use the 2,000-seat symphony hall as their home base and the ability to host international artists as well as sporting events in the indoor arena all combine to destroy another myth of the city being a cultural wasteland.

A series of significant cultural coups by the city council to lure the Royal Sadlers Wells, the D'Oyle Carte Opera company and the Crufts Dog Show to permanent homes add to the diversity of established attractions such as the Jazz Festival, International Film and Television Festival and the City Super Prix.

Ken Gibson





MANAGEMENT

Mexican industry

Contrasting strategies for 'life after debt'

Robert Graham examines the growth of Alfa and Vitro

In Mexican boardrooms a flippant aphorism can frequently be heard these days – "There's life after debt". This is shorthand for saying that after the traumatic – and at times near fatal – experience of the debt crisis in the 1980s, companies are experiencing a new lease of life.

It is particularly true of the handful of conglomerates in the northern city of Monterrey, which have traditionally been the industrial leaders of Mexico. Caught heavily over-extended by the 1982 debt crisis, with several pushed to near-bankruptcy, they have at last emerged leaner and wiser. With their finances restructured, they are once again embarked on ambitious development strategies.

In the process, managements face a complex array of challenges. These include competing in a deregulating domestic market, the need to integrate with the global economy, decisions on expansion outside core business and whether to retain the structure of family-controlled companies. Their success or failure in meeting such challenges will help determine whether Mexico can genuinely modernise its economy.

Alfa, the largest industrial group in Mexico, and Vitro, the biggest glass manufacturer, offer two contrasting approaches to the strategic decisions of the 1990s. Both share a common background, and are controlled by third and fourth generations of the Garza and Sada families, whose forbears founded Monterrey's industrial base round a brewery 100 years ago. But Alfa, with 109 subsidiaries spanning automotive components, food, petrochemicals and steel, was the worst affected of the Monterrey conglomerates in the debt crisis. Vitro, more conservatively managed and with over 80 subsidiaries concentrated in the core business of glass, was the least affected.

Alfa completed its financial restructuring and consolidation last year. After an intense review of its operations, which generate annual sales of $2bn, the board has opted to remain a diversified group with development firmly rooted in the Mexican economy. Vitro, on the other hand, has chosen to consolidate its position in glass manufacture and last year bought two US glass companies (Anchor Glass Container and Latchford). As a result its $2.5bn sales make Vitro the world's leading glass container manufacturer with its market almost equally split between the US and Mexico.

"The debate in Monterrey today is whether you are in a regional or a global business," says Peter Hutchison, Alfa's finance and planning director. "We (Alfa) concluded we were more of a regional business that would need to defend itself against growing US competition and would also take advantage of the US market. This of course does not mean we are not interested in – or aware of – global markets."

Such a view is reinforced by the recent decision of the Mexican and US governments to push for closer integration of their trade. Even without such a political push towards a free trade area, management at Alfa and other Monterrey companies have been obliged to view the US as a natural extension of their domestic market.

Ever since Mexico joined the General Agreement on Tariffs and Trade (Gatt) in 1986, Mexican companies have been slowly (and painfully) made to realise that the comfortable days of protectionism are over. "Everyone here now understands what it means to be competitive," says Hutchison.

Vitro, which has a near monopoly in Mexico of glass containers and glassware and is the country's sole flat glass manufacturer, quickly saw its potential vulnerability once the economy started to open up. "We began to feel the first effects with the lowering of tariffs in 1988," says Hugo Jaime Garcia, in charge of banking relations at Vitro. The debate at Vitro was then whether to consolidate its core business or take advantage of deregulation to diversify. Vitro had already branched out into the domestic appliance sector.

At Alfa the considerations have been more complex. The product of a merger in 1974 of the Garza Sada families' steel and paper interests grouped round Hylsa and Titan respectively, Alfa is by nature a hybrid. During the early phases of the debt crisis, Alfa's creditors sought to prune the group back to a core of steel and petrochemical interests.

However, the management turned the group round faster than expected and was able to hang on to the bulk of holdings. Thus last year steel accounted for 37 per cent of sales, petrochemicals for 35 per cent, while automotive parts, food and packaging comprised the remainder. With the Mexican economy recovering and a domestic market of almost 90m inhabitants, which it knows well, Alfa sees no reason not to be diversified. Indeed, it is poised for expansion.

"We are considering levering up again," says Hutchison. "But we have learned our lesson, and you will see us levering up in a conservative way. We are not going to repeat the same mistakes again." The debt/equity ratio now stands at 60 per cent. Alfa management, with the benefit of hindsight, feels the basic mistake that reduced the group to technical bankruptcy in the early 1980s was not rapid diversification. Rather the blame is put on the group's inadequate financial structure.

Alfa has traditionally placed emphasis on joint ventures, and increased international competition has confirmed the wisdom of this strategy. "Three quarters of our non-steel business involves joint-ventures... We have the culture of joint ventures," says Hutchison. Multinational partners include Akzo, Amoco, BASF, Dupont and Ford. "It is a question of do you fight them or join them?" he adds.

The biggest strategic dilemma Alfa faces stems from its steel activities. The Mexican Government recently decided to privatise Sidermex, the state-owned steel company which shares the local market 60:40 with Alfa's Hylsa. Alfa must choose whether to bid for all or part of Sidermex and so risk making the group top-heavy with steel.

Alfa's annual production of 1.6m tons continues to be protected by a series of government measures, which the management feels is entirely justified given Mexico's level of development. It has a niche export market of steel pipes to the southern US oil industry. But Hylsa would be vulnerable if, say, the government encouraged the Japanese to take a stake in Sidermex. Alternatively, Sidermex may find no bidders. Either way, Alfa may well find itself forced to bid for Sidermex – above all else as a defensive measure.

For Vitro, the best form of defence against competition has been attack: buying into the US glass market. "We saw during the 1980s the consolidation of international glass groups at the global level," says Garcia. "In the US since 1980 the number of groups has almost halved so that now there are just over 15. We also saw the trend towards international alliances like Saint-Gobain/Owens."

Vitro has grown rationally and vertically out of brewing, then into glass bottling and moulded parts, then into detergents, paper moulders, flat glass, silicates and finally household goods. Although Vitro controls 49 per cent of the petrochemicals group, Cydsa (itself one of the five Monterrey industrial giants), the management has always been cautious in moving too far away from the core business. This, therefore, made a US glass acquisition all the more logical.

"Anchor was a company with second grade technology which was in difficulties. Nevertheless, it was the second biggest glass container manufacturer in the US quoted on the NYSE," says Garcia. The offer for Florida-based Anchor was made last August at the same time as one for a small private Californian glass company, Latchford. "It was a very natural marriage," he adds.

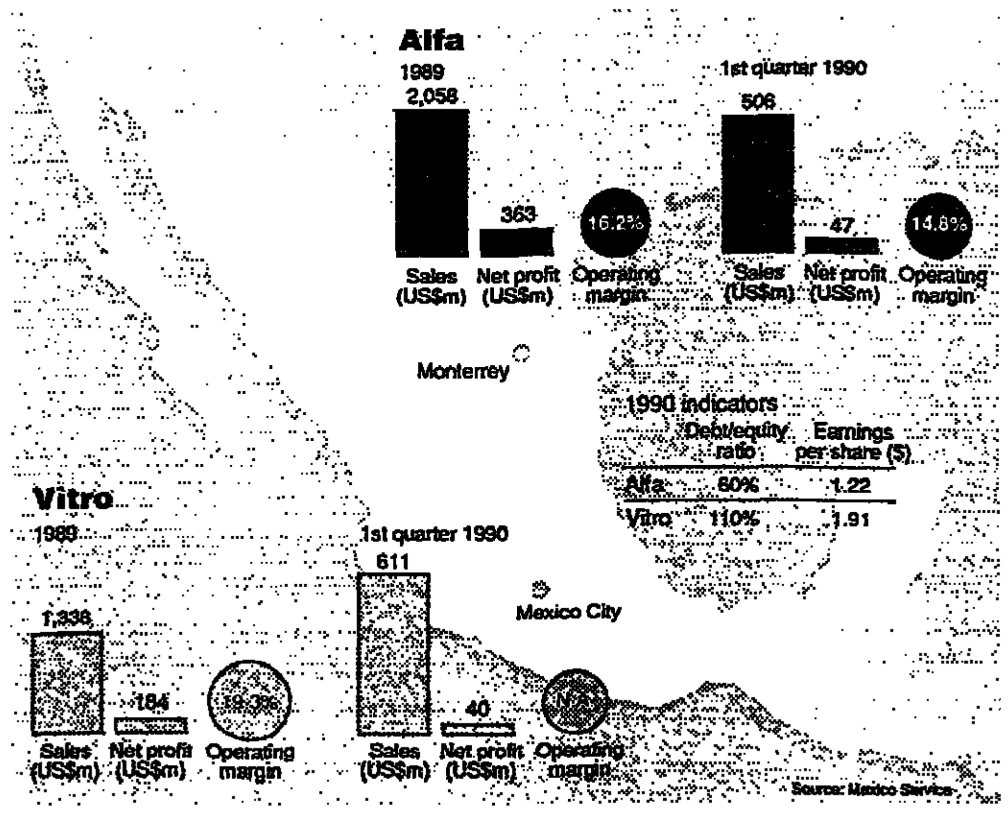
At a political level both the US Government and the Anchor workforce welcomed the rescue of a loss-making company that accounted for 24 per cent of the US glass container market. Vitro plans few management changes other than to put the Latchford chief executive, Clifford Johns, who is well respected in the industry, in overall charge of US operations. (Latchford has 2 per cent of the US glass container market.) The main changes will be in technology and marketing.

Vitro management explains the synergy as follows. The costly production of returnable glass bottles will be removed from US plants, where it represented a small proportion of activity, and operated from Mexico. Anchor technology will be upgraded by providing new Mexican machinery produced from Vitro's subsidiary, Fama. Vitro will be investing $400m over the next five years, half of which will be financed by Fama's machinery exports.

Anchor was taken over in November and its finances were restructured by May. As early as March it had recorded its first monthly profit. Apart from reorganising its finances, the cash flow that this engenders should help service the debt incurred in the purchase.

As a result of the purchase, total bank debt rose from $358m to $1.28bn, giving a debt:equity ratio of 110 per cent. This is clearly a heavy burden and the purchase will take some time to digest. Vitro has a number of financial options that could include offloading Cydsa shares or incorporating the latter into its balance sheet.

Unlike Alfa, which is willing to consider equity as a means of raising funds, the Vitro board still has no wish to dilute the family share base. Ultimately the Anchor-Latchford purchases are intended to push Vitro towards its real ambition. "We want to be technologically independent by the year 2000," says Garcia.



UK management consultants

Still going strong — but slower

By Simon Holberton

Is the boom in management consultancy coming to an end? Is one of Britain's fastest-growing service industries evolving into a more mature industry?

As with all such questions there are as many who would answer yes as no, but one thing is clear from the Management Consultants Association's latest analysis of its members' fee income: the rate of growth in income may be slowing down quite markedly.

On the basis of first half-year fee income of £384m, the MCA is projecting total fee income for the year of about £750m, or some 18 per cent up on 1989. This growth compares with an annual average growth in income of 34 per cent in the three years to the end of 1989.

A further indication of the slowdown in activity appears in the number of consultants employed. In publishing its figures yesterday, the MCA said net staff at the end of June was 7,130 against 6,760 at the end of last year – a five per cent rise. This compares with a more than 40 per cent rise in 1989.

The MCA is conservative when it comes to making predictions and its assumption that the second half of 1990 will produce no more income than the first may be no more than that. But if its prediction proves correct – and the economic backdrop is not propitious for either industry or the consultants – then 1990 will prove to be a year in which "through-the-year" growth in income came to a standstill.

Inertia, however, will mean that 1990 is still a record year as far is income is concerned. If the Association is correct in estimating that its 31 members are responsible for 70 per cent of the fee-paying management consultancy industry, then 1990 may turn out to be a £1bn year for British consultants.

The MCA's membership covers a broad spectrum of the consulting industry. Brian O'Rorke, the MCA's executive director, reports that higher growth rates have been skewed towards the large firms, while the medium-sized and small consultancies are growing at a slower rate.

David Miller, president of the MCA, says the outlook is mixed. "Some have full order books; others expect repeat business to be strong but new business not so strong." He adds that few expect the second half of this year to be worse than the first.

As the analysis of fee income below shows, growth in fees from information technology still makes that the best performing business area, followed by manufacturing management and technology. Miller says that the bias towards IT and manufacturing has tended to benefit the larger members of the MCA.

O'Rorke, the only man who gets to see the disaggregated data firm-by-firm, says that the larger consultancies have achieved much higher growth rates in the IT and manufacturing areas than the average suggests, while the smaller consultancies are below the average.

The public sector is a huge supplier of work to management consultants. The MCA says that the growth in fees earned from work for the public sector was 13 per cent. O'Rorke says this area of business remains hotly contested and there were many more players tendering for the available work. Health and defence remain strong markets.

Miller says the public sector as a market was likely to become erratic as the next general election drew near, with some projects being accelerated and some deferred.

UK consultants' fee income (½-year)

	1989(£m)	1990(£m)	%
Information technology	89	135	51
Manufacturing Mgt & Tech	34	42	31
Other services*	166	175	5
Public sector	92	104	13

*Including finance and administration, corporate strategy, marketing and human resources Source: Management Consultants Association

ARTS

Arts Week

F	Sa	Su	M	Tu	W	Th
13	14	15	16	17	18	19

EXHIBITIONS

London

The Royal Academy. The 222nd Summer Exhibition – the oldest established and largest open submission exhibition in the world. It covers the broader centre ground of professional British art. Daily until August 19; sponsored by the Dai-Ichi Kangyo Bank.
The Tate Gallery. On Classic Ground – a large exhibition devoted to French, Italian and Spanish art of the first four decades of the century. Until September 2; sponsored by Reed International.

Paris

Galerie Schmit. French masters of the 19th and 20th century. There are works by Pissarro, Degas, Delacroix, Cezanne, Gauguin, Manet, Monet, Renoir and Picasso. 396, Rue Saint-Honoré, closed Sundays and lunchtime, ends July 18 (42603636).
Centre Georges Pompidou. Andy Warhol. Some 200 works retrace the career of the multi-faceted artist who, born of Czechoslovak immigrant parents in Pittsburg in 1928, became one of the main representatives of American Pop Art and part of the Underground Culture scene. Beaubourg. Closed Tue, ends Sept 10 (42771233).
Grand Palais. Joseph Wright of Derby. Some 80 paintings and 30 drawings sum up the career of the 18th century portraitist who introduced the *chiaroscuro* into English art. Closed Tue, Wed late closing, ends July 23 (42895410).
Galerie d'Art Saint Honoré. A Flemish 15th century retable. Around a large-sized 15th century Adoration of the Magi painted by an anonymous artist who combined to great effect northern realism with more than a dash of Italian mannerism, Monika Kruch assembled other works of religious inspiration. 267 Rue Saint Honoré (42601503), open Mon-Fri. Ends Sept 15.
Bagatelle Chateau and Trianon. Vienna 1815-1848 – the Biedermeier period. Vienna's museums have lent some 250 pieces of furniture, porcelain, paintings and objets d'art for an exhibition of the style which expressed the Austrian capital's changed mood after the turmoil of Napoleonic wars – the Biedermeier style. Bois de Boulogne. Ends August 15 (45012010).
Petit Palais. James Ensor 1860-1949. A retrospective of 100 paintings, 130 drawings and etchings brings to mind Ensor's provocative boast of "I am mad, I am stupid, I am nasty". Closed Mon, ends July 22 (42651273).
Grand Palais. Pre-Columbian art in Mexico (1500BC – AD1521). Some 130 exhibits from Mexico's archaeological museums bear witness to the high degree of artistic development of the ancient civilisations of the Mayas and Aztecs. Closed Tue, late closing Wed. Ends July 30 (42895410).

Martigny

Fondation Pierre Gianadda. Modigliani. Some 50 oils, as many drawings and some sculptures form an important restrospective of the Italian-born artist living at the beginning of the century in the feverish atmosphere of Montparnasse and Montmartre. Open all days. Ends Oct 28 (26/223978).

Brussels

Palais des Beaux-Arts, 23 Rue Ravenstein. Fondation Maeght Show with paintings, drawings by Miro, Giacometti, Chagall, Alechinsky, Dubuffet, Sam Francis, Hartung, Kandinsky, Ellsworth Kelly, Matta, Tapies, Calder, Bram Van Velde. Selective Affinities: Paul-Armand Gette and Rene Magritte. Closed Mondays.
Musée d'Ixelles. 71 Rue Jean Van Volsem. La Poetique des Peintres Italiens a l'Aube du XXe Siècle. Closed Monday.
Hotel Communal de Schaerbeek. Peintres de la Lys: Belgian Expressionist painters. Closed Sunday. Ends July 20.

Antwerp

Rembrandt Bugatti and Belgian Animal sculpture (1860-1930) closed Monday. Ends July 29. Hessenhuis, 53 Falconrui.

Rome

Galleria Nazionale d'Arte Moderna. Fabrizio Clerici retrospective: in a labyrinth designed by the artist himself and built in the gallery's workshops are hung a series of exquisite drawings and paintings, which move from a group of baroque drawings of Naples, inspired by a childhood visit, to intricate metaphysical works in pastel shades which manage to be simultaneously restful and stimulating. Ends Sept 16.

Florence

Palazzo Vecchio. The age of Masaccio: tying in with the reopening of the Brancacci chapel in the Church of the Carmine after a six-year restoration on the cycle of frescoes by Masaccio and Masolino, are 109 works by painters and sculptors who worked in Florence in the golden years between 1401 (the date of Masaccio's birth) and 1440. Ends Sept 30.

Naples

Castel Sant'elmo. In the Shadow of Vesuvius: Naples through the eyes of European artists between 1400 and 1800: fascinating collection of over 300 oils, watercolours, prints and drawings of a city which has proved irresistible to artists and travellers for nearly five centuries. Ends July 21.

Venice

Palazzo Ducale. Titian. This exhibition organised jointly by the Venice local council, the Arts Ministry and the National Gallery in Washington marking the 5th centenary of the painters birth is the largest for over 50 Ends Oct 7 and goes to Washington.

Bologna

Galleria d'arte Moderna. Giorgio Morandi retrospective. Over 200 works lent by Italian and foreign museums celebrating the centenary of the painter's birth. Limiting himself almost entirely to still-lifes and landscapes inspired by the countryside around his native Bologna, Morandi has been described as the painter of silence. Ends Sept 2.

Mannheim

Städtische Kunsthalle, Moltkestr. 9. Emile Bernard, a painter always in the shadow of Van Gogh and Gauguin is honoured with a retrospective of 170 early paintings. Ends August 5.

Essen

Villa Huegel 15. St Petersburg around 1800. This is the third exhibition to be mounted by the Ruhr Cultural Foundation, set up in 1984 by Berthold Beitz, head of the Alfried Krupp foundation. With 555 pieces on loan from Leningrad's state Hermitage Museum, the exhibitions details the developments of Russia from a great empire to a

Madrid

Museo del Prado. Sanchez Coello (1531-1588). Some 50 paintings by this Spanish artist born in Valencia, predecessor of Velazquez. Ends July 30.
Palacio de Velazquez. Roman Bronze Objects in Spain. Over 500 objects from different Spanish museums. Closed Mondays.

New York

New York Public Library. More than 125 documents of the Abolitionist Movement, including photographs, letters and rare books, display the spirit and drive of the long effort to free the slaves. Ends Sept 15.
Museum of Modern Art. The first retrospective in America in 25 years marks the 80th birthday of Francis Bacon with 60 works dating back to his figure studies of the 1940s.
Metropolitan Museum of Art: The Russian Taste for French painting, representing three centuries of French masterpieces from the Hermitage and Pushkin Museums, covers Poussin to Matisse. Among the 51 works are major paintings by Watteau, Fragonard, Ingres, Manet, Renoir, Gauguin and Henri Rousseau. Ends July 29
Museum of Modern Art. An internationally organised exhibit of Matisse's paintings and drawings from 1912 and 1913 during the critical period of his Moroccan stay. Ends Sept 4.

Washington

National Gallery. More than 90 prints by Edvard Munch show the Scandinavian artist at his most colourful and prolific, mining his familiar emotional themes of anguish, jealousy, death and loneliness.
National Gallery. More than 10 media are included in the major show of 112 of Jasper Johns's drawings over 35 years. Ends July 29.
Hirshhorn Museum. Paintings, drawings and sculptures from the Bay Area figurative movement of the 1950s and 1960s include works by Richard Diebenkorn, Elmer Bischoff and sculptor Manuel Neri among the 88 pieces on view.
National Museum of African Art. The national tour of artistic and religious objects, much of it sculpture, encompasses nine centuries of Yoruba civilisation. Ends Aug 26.

Chicago

Chicago Historical Society. The Land of Lincoln does its most famous citizen proud in the exhibition A House Divided. America in the Age of Lincoln, with documents, mementos and personal effects of the Great Emancipator.
Art Institute. Before going to the Royal Academy in London later in the year, Chicago gets to see Monet's series paintings, including Haystacks, Poplars and Rouen Cathedral, all from the 1890s. Ends August 12.

Tokyo

Teien Museum. Perfume Bottles by René Lalique. What better venue for this charming exhibition than this former imperial residence whose main doors were designed by Lalique and whose Art Deco interior must surely be rated one of the finest in the world. Closed on alternate Wednesdays.
Meguro Art Museum. Josaku Maeda. Over 100 paintings by a Japanese artist (born in 1926), who studied in Paris and whose works are all based on the Mandala. The paintings are grouped by theme.
Shoto Art Museum, Shibuya. Japonisme. Exhibition of over 150 prints by late 19th century artists such as Whistler, Pissarro, Toulouse-Lautrec and Manet, who were influenced and inspired by Japanese crafts and ukiyo-e woodblock prints. Ends July 22.
Bunkamura, The Museum. 500 Years of European Art. Loan exhibition from the Pushkin Museum, Moscow, especially strong on post-Impressionists, whose work was seized by the state after the revolution, kept under lock and key for many years and reviled for its "decadence". Closed Thursday.

OPERA AND BALLET

London

Royal Opera, Covent Garden: *Arabella,* one of the company's more elderly productions, is revived for Kiri Te Kanawa as heroine and Jeffrey Tate as conductor. The cast also includes Marie McLaughlin, Peter Weber and Anne Howells. The first production in London for more than a century of Rossini's *Guillaume Tell* is a mixed success but still worth catching. It is produced by John Cox, conducted by Michel Plasson, and has Gregory Yurisich, Chris Merritt, Lella Cuberli and Robert LLoyd in leading roles. More performances of the company's much-revived *La Bohème* production by John Copley; Antonio Pappano conducts, and principals include Ilona Tokody, Dennis O'Neill and William Shimell.
English National Opera, Coliseum: no performances until August.

Paris

Opéra. *La Sylphide* in Pierre Lacotte's choreography replaces *La Bayadere*, which will be produced later on (47425371).

Munich

Opera. Munich Opera Festival until July 31 offers *Semiramide* in a concert version with star singers Edita Gruberova, Julie Kaufmann, Samuel Ramey, William Matteuzzi. The new *Trionfi* production is by Hans Neugebauer with Julie Kaufmann, Eike Wilm-Schulte, Ulrich Ress, Damacio Gonzales and Georgina von Benza. *Lohengrin* in August Everding's production features Lucia Popp, Janis Martin, Kurt Moll, Ekkehard Wlaschiha, and is expertly conducted by Wolfgang Sawallisch. *Nabucco* is sung by Julia Varady as Abigail, Jewgeni Nesterenko and Alain Fondary in other parts. Also the wonderful *Le Nozze di Figaro* production with a first rate cast led by Pamela Coburn, Ann Murray, Samuel Ramey, Barbara Bonney and Cornelia Wulkopf.

Stuttgart

Opera. *Die Verkaufte Braut* is a well done repertoire performance. Last *Der Fliegende Holländer* with Simon Estes in the title role.

Merida

Spanish summer festival. Moscow Stanislavski Theatre Ballet. Prokofiev's *Romeo and Juliet* in a magnificent setting: Merida's Roman amphitheatre. Mstislav Rostropovich conducts the Deutsch-Sovietsche Junge Philharmonie, choreography by V. Vassiliev, special appearance by Maximiliano Guerra (1-338 24 82).

Milan

Teatro Alla Scala. Rudolf Nureyev dancing the part of the magician Rothbart in his version of *Swan Lake*, with Isabel Seabra and Charles Jude alternating with Isabelle Guerin and Oliver Matz and Elisabeth Maurin and Andrei Fedetov (80.91.26).

Rome

Roma/Europa Festival. Dance events this week are Dore Hoyer's 1962 work *Affectos Humanos* performed by Arila Siegert and the Dresden Tanztheater Staatsschauspiel at Villa Massimo, the recently formed Spanish dance company Lanonima Imperial and Indian, Balinese and Thai classical ballet from the Theatre of Bangkok at Villa Medici (info 33.30.884; tickets 6544601 and 6761243).

Verona

Arena. 68th festival offers the usual menu: *Aida,* conducted by Nello Santi, with Maria Chiara and Nicola Martinucci, *Carmen* with Grace Bumbry and Giuseppe Giacomini and Daniel Oren conducting *Tosca* with Giovanna Casolla and Alberto Cupido (29151).

Venice

Teatro la Fenice. Hans Graf conducting a concert performance of Beethoven's *Fidelio,* with Mary Jane Johnson, James Wagner, Kurt Rydl and Mario Bolognese (5210161).

Spoleto

33rd two worlds festival. Last two days of the festival offer the extraordinarily exciting young Argentine dancer Julio Bocca dancing with his own company and soloists, Eleonora Cassano and the Rome Opera Company's *Raffaele Paganini* at the Teatro Romano and a spare and abstract production of Strauss's *Elektra,* with Deborah Polaski giving a moving performance in the title role (40265).

New York

Bolshoi Ballet. The 160-strong company performs *Romeo and Juliet* this week and *Ivan the Terrible* next. New York State Theater, Lincoln Center (307 7171).

Tokyo

Cav & Pag, performed in Italian by the Fujiwara Opera, conducted by Michelangelo Veltri, with guest artists Ermanno Mauro (Mon, Wed), Piero Cappuccilli (Mon only). Tokyo Bunka Kaikan (224-9633).

THEATRE

London

Anything Goes (Prince Edward). Cole Porter's silly ocean-going 1930s musical has four or five marvellous songs and Louise Gold trying to emulate Ethel Merman. Jerry Zak's desperately bright production comes from the Lincoln Center in New York and is undemanding fare (071 734 8951, cc 071 836 2428).
Jeffrey Bernard is Unwell (Apollo). Tom Conti is the alcoholic journalist who embodies a Falstaffian, nay-saying life force while committing public suicide by vodka. Keith Waterhouse has stitched a fine play, the season's highlight, from Bernard's own writing. Ned Sherrin directs (071 437 2663).
Aspects of Love (Prince of Wales). Andrew Lloyd Webber's latest is an intimate chamber operetta derived from David Garnett's 1955 novella. Musically interesting and well directed by Trevor Nunn, a cast of unknowns project the right sense of sybaritic insouciance. A probable, but unspectacular, hit (071 839 5972).
Shadowlands (Queen's). Four-tissue weepie about the love affair between crusty Oxford writer C.S. Lewis and the cancer-riddled American poet Joy Davidman, which pushes both Nigel Hawthorne and Jane Lapotaire into the awards stakes. William Nicholson's play is irresistibly emotional. Elijah Moshinsky's direction is superb (071 734 1166/ 071 439 3849).
The Wild Duck (Phoenix). Peter Hall's revival of Ibsen's tragicomedy champions the great Norwegian's humorous potential. Alex Jennings, David Threlfall and Nichola McAuliffe head the cast (071 240 9661).
Absurd Person Singular (Whitehall). Robust revival of early Ayckbourn comedy, directed by the master himself, about three couples at Christmas in three kitchens over three years. Moira Redmond, Richard Kane and Lavinia Bertram on fine form in a production which confirms Ayckbourn's early bleakness (071 867 1119).
Henry IV (Wyndham's). Pirandello's cat's cradle of fantasy and reality, identity and time in a production by Val May the sobriety of which belies its preproduction hijinks. Sarah Miles left the cast, but Richard Harris stayed to give a star performance as the nobleman who thinks he is an 11th century king (071 867 1116).

New York

Cat on a Hot Tin Roof (Eugene O'Neill). Kathleen Turner, whose statuesque good looks embody Tennessee Williams' vibrant character Maggie, is surrounded by an excellent supporting cast in Howard Davies' production.
Grapes of Wrath (Cort). The Steppenwolf company's interpretation of the Steinbeck epic novel brings alive the 1930s brought alive in its squalor as well as its test of human strength. Gary Sinise as Tom Joad stands out in Frank Galati's adaptation.
Heidi Chronicles (Plymouth). Wendy Wasserstein's award-winning drama covering 20 years in the life of a successful American baby boomer goes from support for Eugene McCarthy's presidential aspirations to electoral ambitions in the 1980s, accompanied by the musical and emotional flavour of the period (239 6200).
Gypsy (St James). This 30th anniversary production does more than revive a rich, vivid musical; it also introduces a new belter in the Merman tradition, Tyne Daly, as the bossy, tireless and tuneful Rose, who shamelessly leads her daughter into burlesque while rejecting a personal life for herself (246 0102).
Grand Hotel (Martin Beck). Tommy Tune, Broadway's present musical doctor, directs this remake of the Garbo film to at least shake the bones of this inert depiction of lives crisscrossing in an elegant, but somewhat random setting (246 0102).
Sweeney Todd (Circle in the Square). An intimate production of the Sondheim-Wheeler musical in contrast with the elaborate original a decade ago emphasises the descent into madness of Bob Gunton as the demon barber of Fleet Street (239 6200).
Jerome Robbins' Broadway (Imperial). Anyone attracted by the notion of three hours of film trailer previews will adore this compendium of Robbins' directed and choreographed plays of the past 40 years, including *On the Town, West Side Story* and *Gypsy*. The lustre of the credits is dimmed by the brevity of each piece, with a contemporary crew of Broadway aspirants who lack the multi-talents that inspired the heyday of the musical.
Cats (Winter Garden). Still a sell-out, Trevor Nunn's production of T.S. Eliot's children's poetry set to music (239 6262).

Chicago

Steel Magnolias (Royal George). Ann Francis and Marcia Rodd play the leads in this view of southern life from under the dryers in a busy hairdressing establishment (988 9000).
The Gospel at Colonus (Goodman). The season concludes with a visit from this widely toured spirited version of Sophocles, set in an Afro-American Pentacostal church. Ends Aug 12 (443 3800).

Tokyo

Kabuki. Kabuki-za (541 3131). The matinee at 11am is a mixed programme that includes a spectacular lion dance, while the 4.30pm performance consists of the even more spectacular full-length play, *Tenjuku Tokabe,* featuring magic and mayhem with kabuki superstar Ennosuke, master of the quick-change routine. Excellent earphone guide in English and English-language programme. Meanwhile, the National Theatre (265 7411) has a "kabuki classroom" that consists of a lecture demonstration (with earphone translation into English) followed by a performance of *Kozu no Ha (The Fox Princess)* – an excellent introduction to kabuki. Opens Wednesday.

ARTS

Minor masterpieces

When most dealers and collectors were interested in the Renaissance and Impressionism, the Hazlitt Gallery – and since 1973, Hazlitt, Gooden & Fox – was bringing to our attention the Baroque and the Barbizon School. It has been the speciality of the house – and its strength – to focus on the unfashionable and the off-beat.

After an interval of some 20 years, the gallery has once again staged an exhibition of Italian Old Masters. The difference now is that the 17th century is no longer a recherché taste. Values of Old Masters have soared in spite of a diminishing number of great pictures on the market since the hey-day of the late 50s.

The return to the South came about because of the recent appearance at auction of a small canvas by Pierre Hubert Subleyras which the gallery had exhibited in 1966. Director Jack Baer determined to buy the picture back and to present another show of "Italian and the Italianate." Gracing the gallery walls in 1966 were works by Pontormo, Perino del Vaga, Annibale Carracci, Domenichino and Cavallino. Four are now in museum collections.

In these leaner years, Hazlitt's has succeeded in gleaning an impressive gathering, in large part due to new rediscoveries and attributions, and by the return of pictures which were acquired through the gallery. The onus, perhaps characteristically, is on minor masterpieces by the great names, and major works by minor masters.

Two pictures have found their way into national museums. In pride of place, cordoned off by red rope, is an Adoration of the Magi by Carlo Dolci, acquired by the National Gallery some 100 years after it was first offered (it originally went off to Buenos Aries instead). Dolci still may not be to everyone's taste – he is not in my Pantheon – but it is impossible not to respond to the solemn tenderness and awe that unite the figures around Christ.

A magisterial Joseph gestures towards the black Magus who has fallen to his knees, his proud, protective gaze fixed on the Christ Child. An intent servant carefully passes the final gift to the third king, the pair deeply conscious to whom they offer tribute. Dolci, a pious man, gives us an impeccably mannered Christ Child, who graciously blesses one potentate with one hand while the tips of the other are gently cradled by the Virgin.

It is equally impossible not to respond to the brilliance of the richly embroidered silks, brocades, velvets and furs, or to the engaging serpentine necks of the camels in the distance. The now resplendent canvas, never cleaned or relined until its recent move to Trafalgar Square, will probably never be lent again.

Past a small Guido Reni head of St John on copper, is a cool and stately Phrygian Sybil, swathed in hot rust, crimson and blue. Sir Denis Mahon has identified her as a lost late Guercino commissioned by the Bolognese Ambassador resident in Rome in 1647, related to the half-length Persian Sybil bought by the Governor of Cento a month later, and now in the Pinacoteca Capitolina in Rome. From the Caravaggists come a sombre early Mattia Preti, another rediscovery, of Daedalus fixing the wings on Icarus (wait a moment for the sun to shine through the gallery skylights) and the Birth of the Virgin by the unmistakable hand of Francesco del Cairo.

As well as set-piece stage histrionics such as Solimena's Joseph and Poitiphar's Wife, there is also the intimate, enchanting and fantastical. A hunting party chases across a slice of *pietra paesina*, confected by Filippo Napoletano. The artist exploits the natural markings of the stone which suggest craggy rocks, foliage and a distant hill town in much the same way that Alexander Cozens used ink blots as a point of departure. The historian Baldinucci tells us that while the Grand Duke Cosimo II took to his bed, the artist would devise such scenes for his amusement.

Italians predominate here, though there is a sprinkling of those Northerners who were drawn to Italy by the lure of its Classical past and the beauty of the Roman campagna. Subleyras takes his inspiration for a satyr and a bacchante before a pagan god directly from a Castiglione print. From the Cologne-born Goffredo Wals, whom Baldinucci informs us was the teacher of Claude (who is also represented here), comes a haunting landscape on copper. The small picture will sit happily in the octagonal "cabinet" at the National Gallery of Scotland. It is accompanied by another Wals, this time on canvas, in which the open, light-filled space of the middle distance seems almost to have the eeriness of De Chirico.

Bozetti or preparatory sketches, are another favourite of the house. Visentini's oil studies of architects are out of the ordinary and delightful. More characteristic are the bravura compositional sketches such as Luca Giordano's Minerva as Patroness of the Arts and Sciences, where the ease and fluency of the brushwork, and the eloquence of the slightest touch, are so seductive. Nobody can do this quite like the Italians, as Francois de Troy's clumsy theatrical scene seems to go out of its way to prove.


Carlo Dolci's "Adoration of the Magi," acquired by the National Gallery

Susan Moore

King Lear

ROYAL SHAKESPEARE THEATRE, STRATFORD-UPON-AVON

The RSC's new production makes *Lear* a very visual play, not in the conventional sense of spectacle but as a freize of figures against a background of nature, spinning, sick and distorted; a nature which must, as we know, be redeemed.

The tone is set by the stark angles, clean spaces and sudden radiances that characterise David Fielding's designs. The stage within the stage is in fact a cubed box, a giant tea-chest, two sides open, revolving to reveal two others: a smudged grey-washed background and a metallic wall with rungs leading to a giddily high-set door. Its most brilliant use is during the storm when the box swivels to show Lear and the Fool staggering through their bright, antiseptic hell. The square of light against the cloudy background also spins, nature out of joint.

The costumes are indeterminate, extending from flannel trousers to armour. In his madness Lear inspects and salutes serried sheaves of corn in a tenderly pastoral vision that recalls the RSC *Tempest* from the same director (Nicholas Hytner) and designer, and with the same leading actor, John Wood.

Madness provides Mr Wood's finest moment. His vocal range here takes in piping jocularity and booming joviality without the suspicion of calculation that dogs some of his vocal effects. The lightening of the mood into delicately unhinged humour is a relief: not least because the actor has started at such a pitch of emotional vividness that one wonders after his first scene where he has left to go. This Lear is already tottery at his entrance. His forefinger continues to stab the air after his words have petered out and his courtiers shuffle in embarrassment at what is obviously habitual forgetfulness. The voice is already virtuosic, from baritonal growl to chesty rasp. The humanisation of Lear through grizzling self-pity is conveyed by his fading into a dotty Home Counties brigadier.

What is missing is the play's explicit and implicit contrast between belonging, the warmth of being an insider – whether through familial ties or simply shelter from the elements – and the unforgiving savagery outside.

Even the welcome hovel is merely a tilting floor under which Poor Tom crouches. The *huis clos* set emphasises the individual characters' contribution to their own hell, beautifully summed up by Sally Dexter's Regan. Eminently human, she's reduced to defensive tears by her father's unreasonableness, goaded into a pleadingly defensive support of her sister, melted by Mr Wood's "If you love old men . . ." only to snap out of it when he flies into one of his rages, and patently shaken when he stalks out of her home.

These characters' self-determination makes a very cold fish of Edmund. Ralph Fiennes has the insidiously melodious attractiveness of John Day's snake in a golden skin "that smiles and kills" – except that he doesn't smile much, lying rigid, before worshipping nature and thereafter pursuing his ends as undeflectable as a torpedo. There is a very proper Machiavel here; I suspect this gifted young actor may one day be happier with the confiding leer and the humped back than the lyrical throb that currently falls to his lot.

As if to compensate for the lack of a jungle (the animal imagery for once sounds no echo), the production whips up the odd frenzied set-piece: the madness in the storm, no distinction between the *sorts* of insanity, real or assumed, of Lear, Fool and Edgar's Poor Tom (Linus Roache, *too* convincing for feigned madness); and the orgasmic violence of the eye-plucking which leaves its protagonists exhausted and vomiting, Regan's hand frozen in mid-air as the family malady strikes her.

Supporting roles are sturdily played. Linda Kerr Scott's spindly, gnomic Fool is a sexless puppet, an ageless Bisto Kid, dandled on Lear's knee like a ventriloquist's dummy or hung up on a peg like an unwanted doll. Alas, her words are largely indistinct.

Paterson Joseph's whiningly cockney meritocrat of an Oswald eventually jars when his insistence on playing it for laughs leaves him high and dry in his death scene. Norman Rodway's Gloucester is dependable, Alex Kingston's Cordelia brisk but colourless, David Troughton's Kent prosaically earth-bound. But in the year of multiple Lears (the National and Renaissance yet to come) John Wood stakes an early claim for predominance. His performance gains impetus as it sloughs off mannerism, whittling the king down to the poor forked thing, purged and tempered, that finally takes its place in the human race.


Delicately unhinged: Linda Kerr Scott and John Wood

Martin Hoyle

You Never Can Tell

WEST YORKSHIRE PLAYHOUSE

This is a Whitehall Theatre farce ahead of its time, with its unexpected confrontations and unsuspected identities, but because Shaw was a more concerned writer than Ray Cooney, these tricks are used to more practical ends. Not entirely unsuspected, no doubt, that stuffy Mr Crampton who had a tooth out in Act One should turn out to be Dolly's father and the husband of feminist Mrs Clandon in Act Two, but this is more than a joke, it is the trigger that fires an evening's talk on family ethics.

The least funny characters are Mrs Clandon's twins, Philip and Dolly, who have no significant use except to romp about. Ian Puleston Davies and Cara Kelly raise many a giggle but never a thought. Mr Valentine, the "five-shilling dentist," is no more than an impecunious young professional, but Shaw needed a young man to fall in love with Gloria Clandon, and Tom Bowles is a proper young romantic hero, , even if he has no subject but his shortage of money and his instant love for Deirdre Harrison's Gloria. I was almost sorry for Harrison, whose Gloria has to be mostly as severe as her mother, no advantage to a potential Juliet; and severe she was, no matter how prettily dressed by Eve Stewart.

The ever-present, ever-helpful waiter at the core of the play, his sensible notions on fatherhood encapsulated in his son Walter Bohun, KC, is one of the fundamental characters in the piece, and likeably played by P G Stephens.

Shirley King's Mrs Clandon, feminist exponent of 20th-century notions, has all the severity of her daughter Gloria, but makes it such an unexpectedly attractive quality that one can see how, 18 years earlier, she could have charmed the difficult Fergus Crampton (James Berwick) into marriage. True, in her youth she and her solicitor Finch McComas (Christopher Wilkinson) belonged to the avant garde, little as you might think so from their adult personae. As for Walter Bohun, KC (John Branwell, impressive even in fancy dress), he puts them all in their place at the ball in the last act.

Vanessa Fielding has directed with enough feel of the old Whitehall but not so much as to blanket Shaw's wisdom. Eve Stewart's designs are practical. The production made me feel, as I have felt before, that this play ought to be the small change of every repertory company in the land.

B.A. Young

Some Assembly Required

COLISEUM

American Ballet Theatre's second programme seemed designed to tax the affections of even its long-time friends – my own four admiring decades a case in point. Were it not for the presence of a recent duet by Clark Tippet, Wednesday's performance would be best forgotten. Tippet's *Some Assembly Required* is set to William Bolcom's second violin sonata, music soundly traditional whose moods the choreography explores with emotional frankness and not a little ingenuity.

The excellent Amanda McKerrow and John Gardner are modern lovers. We see them – to the sonata's first movement – involved in a tense and acrobatic sexual confrontation which, with the music's adagio, becomes openly lyrical, and finally appears relaxed and companionable. It is a light-weight incident whose merits are in the secure craft of Tippet's dances. This everywhere enhances the skills of his cast, who give intelligent, idiomatic performances. Quite as significant is the fact that the choreography is sprung from within the company, of which Tippet was for many years a distinguished soloist. ABT's identity is enhanced thereby.

The rest of the evening served only to diminish the company's good name. When first staged in 1974, Natalya Makarova's Kingdom of Shades from *Bayadere* was a challenge grandly accepted by ABT. On Wednesday it looked tremulous, indecisive. Alessandra Ferri has real qualities, but they do not suit her for the classic demands of the shade Nikiya. As Solor, Wes Chapman lacked the physical and dramatic subtlety so necessary if the character is to seem anything more than a young man dashing on stage to show us a few trick steps.

Faruk Ruzimatov, now a member of ABT, was also on hand – in the *Corsaire* duet – to give us his collection of trick steps. These are now a matter of self-parody. His style in his Kirov days was close to caricature, with its serpentine bends of torso and the mean, moody and magnificent *persona* which suggested that Romantic agonies might be due to acute dyspepsia. For the *Corsaire* solo he appeared wrapped in dreams of piratical passion, to be awakened by a drum roll which enabled him to begin a none too impressive circuit of the stage. The trick steps might not amount to much but the back-bends and the Theda Bara emotings would have won him a contract with D W Griffith. Cynthia Harvey was also involved, if somewhat extinguished by the dubious flare of Ruzimatov's temperament. They are not well-matched, but at least she provided clean and well-mannered dancing.

And as culmination of this evening, ABT's very own exhumation of *Gaîté Parisienne*. I have reported previously on this affront to a decent, if not particularly good, old Massine ballet. Tricked out by Christian Lacroix in costumes of horrific vulgarity, with crass scenery by Zack Brown, this is stage design as death to choreography and interpretation. ABT's cast prance through it, damned and doomed beneath Lacroix' furbelows and fatuities. All style is gone, all merit, all interest. What remains is not worth looking at – save for anyone interested in the depths to which bad taste can sink.

Clement Crisp

Suk Quartet

WIGMORE HALL

It was not only on television that gremlins invaded at the weekend. One rogue member of the species found its way on to the Weekend FT arts page and announced a review of the Suk Trio, even though the piece printed below talked about the Suk Quartet, a quite different group. As the Suk Quartet was back at the Wigmore Hall on Wednesday, one hopes there was no ill-feeling.

The members of the group are always welcome here and it is perhaps unfortunate that this visit should have coincided with the Borodin Quartet, as it makes comparisons inevitable. For all their admirable qualities the Suk players are not nearly so sophisticated sin the corporate sound they make, or in the variations of tonal colour they can achieve, as the Borodin, who excel on that point particularly.

This programme, in any case, did not start well. The Beethoven A Major Quartet, Op.18 No.5, which was the opening item, exhibited little youthful zest and lost its way in tentative and surprisingly untidy playing. But the disappointment was happily short-lived and with their return to the platform and the music of their native land the players changed briskly into a new identity, full of confidence and interpretative vigour.

The work was the Second Quartet of Josef Suk (1874-1935), after whom the quartet takes its name. The Wigmore Hall's Bohemian Festival has given us plenty of opportunity to get to know Suk's music, but this quartet seems to me the finest of any of the pieces we have been offered. It is full of elegiac lyrical writing and the players' mellow tone, full without ever being heavy, could hardly have been better suited to its inimitable Czech style.

After the interval the young Japanese pianist Yuki Matsuzawa joined the Quartet for a lively and appealing performance of Schumann's Piano Quintet that wanted only some extra lightness of step. At the end, though, it was the haunting music of the Suk that lingered tantalisingly in the mind, always the sign of a fine piece newly discovered: it is good news that the Suk Quartet will be recording it before they leave the country.

Richard Fairman

Scottish Chamber Orchestra

QUEEN ELIZABETH HALL

Paul Daniel, conducting the Scottish Chamber Orchestra in Wednesday's London concert, once again showed himself a young musician of considerable gifts. The programme was "light" in a fresh, summery sense – Mendelssohn, Wolf, and Mozart vocal solos – and in every part thereof the orchestral playing had the proper buoyancy.

In the Mendelssohn outer parts (*Fingal's Cave* Overture and *Italian* Symphony) Mr Daniel built on the advantages naturally offered this composer by a chamber orchestra of very good quality, which the Scottish Chamber Orchestra is: the fast-moving portions were kept limber and well-ventilated, and everywhere Mendelssohn's marvellous clarity of thought was made manifest. At the same time, I sensed a certain absence of strong character in each of these orchestral works: cumulatively, this made for a pleasant occasion, rather than a genuinely invigorating one.

The Wolf *Italian Serenade* – on a much smaller scale every bit as deserving of the "caprice written with the point of a needle" label as Berlioz's *Beatrice and Benedict* – seemed to pass by with insufficient attention paid to harmonic twists and turns; the rhythmic attack wanted several degrees of honing. Mendelssohn's lyrical phrases needed to be much more sinuous, more imaginative in detail; as it was, blandness was sometimes a threat avoided by an insufficiently wide margin.

In the Mozart selection – the concert arias "Chi sa, chi sa, qual sia" and "Vado, ma dove?" followed by Fiordiligi's "Per pieta" – Mr Daniel and the SCO seemed content to supply a warmly responsive backdrop to the singing of Joan Rodgers (aka Mrs Daniel). As the soprano was very near the peak of her most ravishingly poised Mozartian form, this was a wise decision; the character of each performance, palpitatingly fresh yet firmly shaped, seemed to come directly from the singer, and blandness was an impossibility.

The voice is filling out – in a hall of this size, at least, Miss Rodgers's Fiordiligi commanded unexpectedly rich tones as well as the familiarly limpid ones. Next time, though, she must devise for herself a more convincing method of breathing the aria's final phrases.

Max Loppert

ARTS GUIDE

July 13-19

MUSIC

London

Modern Jazz Quartet (Sat). Barbican Centre (071-638-8891).
London Concert Orchestra, Summer Classics concert conducted by Philip Simms. Rossini, Grieg, Tchaikovsky, Elgar and Ravel (Sun). Barbican Centre (071-638-8891).
An evening of Gershwin, Jack Gibbons, piano. (Sun). Queen Elizabeth Hall, South Bank Centre (071-928-8800).
Yuri Nagai (violin) **and Nigel Clayton** (piano). Bach, Beethoven, Shin-Ichiro Ikebe, Paganini (Mon). Purcell Room (071-928-8800).
Auryn String Quartet. Haydn, Mozart, Beethoven (Tues). Stationers' Hall, Ave Maria Lane, EC4. (071-248-4260).
London Chamber Orchestra. All Mozart programme (Wed). Queen Elizabeth Hall, South Bank Centre (071-928-8800).
City of London Sinfonia and London Symphony Chorus conducted by Richard Hickox, with soloists Jo Ann Pickens, Cynthia Carey, Damon Evans and Willard White. Tippett's *A Child of our Time* (Wed). Southwark Cathedral (071-248-4260).

Festivals in France

Paris

Festival Estival.
Quatuor via Nova, Catherine Collard, soloist. Franck (Mon). Auditorium des Halles.
Ensemble Musique Oblique conducted by Georges Benjamin. G. Benjamin,Murail, Harvey (Tue). Auditorium des Halles.
Il Seminario Musicale with Gerard Lesne as conductor and counter-tenor: Vivaldi (Wed). Saint-Severin Church.
Byzantine and Syriac chants accompanied by lute, flute andoriental cither (Thur). Notre-Dame-du-Travail Church, 59, Rue Vercingetorix, Metro Pernety (48049801).

Montpellier

Montpellier and Radio France International Festival stages 80 concerts, among them a Franck Martin oratorio, Martucci's *Chants du Souvenir*, pianists Victoria Postnikova, Firkusny, Kvapil, Chiu and 15 jazz concerts. July 13-Aug 2 (67523433).

Beaune

International Encounters. L'Orchestre du Siecle des Lumieres, Gand Collegium Vocale, Amsterdam Baroque Chamber Orchestra and Ton Koopman, the Soviet State Symphony Orchestra. Ends July 22 (80222451).

La Chaise-Dieu

La Grande Ecurieet Chambre du Roy, conducted by Claude Malgoire, Moscow Philharmonic Orchestra. Aug 23-Sept 3. (71094838).

Brussels

Summer Festival.
Grand Orchestre d'Harmonie de la Musique des Guides conducted by Norbert Nozy. Pizzini, Paganini, Legley, Bernstein, Waignien, Beuder (Fri). Conservatoire Royal de Musique, 30 Rue de la Regence (513 8940).
La Renaissance de l'Orgue, with Philippine Van Zuylen (soprano), Anna Marsilio (soprano), Cecile Delvin, Philippe Descamps (violin), Benedicte Alavoine (cello), Francois Houtart (organ). Cornet, Brehy, Vivaldi (Sat). Chapelle des Brigittines, Petite Rue des Brigittines (513 8940).
Xenia Konsek (soprano), **Olivier Roberti** (piano). Lieder by Mozart, Schubert (Thur). Centre Culturel des Riches-Claires, 24 Rue des Riches-Claires.

Antwerp

Prague National Theatre Chamber Orchestra conducted by Vaclaw Jirowec. Mozart programme (Fri). Openluchttheater Rivierenhof (Deurne) (03/233 7160).
Aulne Music festival. David Geringas (cello), Tatjana Schatz (piano). Schumann, Schubert, Bach, Beethoven (Fri); Royal Wallonia Orchestra conducted by Jean-Pierre Wallez (violin) with Dominique Cornil (piano). Mozart, Martinu (Sun). Gozee, Abbaye d'Aulne (Thurs) (071/59.10.01).

Amsterdam

Radio Chamber Orchestra conducted by Leopold Hager, with Bella Davidovich (Fri); with Dagmar Schellenberger-Ernst (Sat); with Young Uck Kim (Sun). Mozart festival. Concertgebouw (718 345).
Daniel Wayenberg (piano). Chopin, Liszt (Tues). Concertgebouw (718 345).
Hungarian Virtuosi with Miklos Szenthelyi, James Brooks Bruzese. Boccherini, Barber, Bartok, Vivaldi (Thur). Concertgebouw (718 345).

Weimar

Cultural Festival (July 16-Aug 11). Weimar, the centre of German classical culture, is to stage the first pan-German festival, profits from which will go to be reconstruction of this badly neglected city. Directed by Karl Steff-Wolfsjaeger, the festival will be staged in the original houses of Goethe, Schiller, Liszt, Bach, who will be the central themes of the four week events. Among the artists appearing are, Eva Lind, Alan Titus and the Bavarian Radio Orchestra, under Ralf Weikert, Rudolf Buchbidner, Barry Douglas, Alexis Weissenberg, Will Quadflieg, Helmut Lohner and the Weimar Theatre Ensemble (0228/693969; fax 695158).

Schleswig Holstein Festival

This year's 5th Schleswig Holstein festival, initiated and directed by Justus Frantz is an important and very successful event for this neglected region and has been enlarged to nearly 180 concerts in 32 different venues. World class musicians will be performing in towns and villages from Flensburg in the north to Lueneburg in the south,in manor houses, barns, churches, concert halls, riding stables and castles. There will also be master classes.The festival's own orchestra, with 120 members from 22 different countries, will train throughout the summer in Salzau with 5 different conductors, Sir Georg Solti, Christoph Eschenbach, Jiri Belohlavak, Paavo Berglund and Semyon Bychko and they will be performing 10 concerts during this festival. Soloists include Alban Berg Quartet, Igor Oistrach, Natalia Gutman: Boris Pergamenschikow, Heinrich Schiff, Olaf Baer, Dietrich Fischer-Dieskau, Hermann Prey, Peter Schreier, Arleen Auger, Christa Ludwig, Rudolf Buchbinder, Barry Douglas: Katia and Marielle Labeque, Murray Perahia and James Galway. The programme ranges from Bach to Beethoven, Brahms to Bruckner, Mahler to Mozart, Tchaickovsky to contemporary composers. Until August 19. Information: Kartenzentrale Schleswig Holstein Musik Festival Postfach 3840, 2300 Kiel. Tel (0431) 567080.

Rome

Serenate in Chiostro 1990. Chamber concerts in the beautiful cloister of S. Maria Della Pace. The S. Cecilia guitar trio playing Bach, Debussy and Others (Sat); and the Piccola Academia conducted by Marcello Bufalini playing Mozart, Haydn and Beethoven (Thur) (6868441).
Roma/Europa Festival. Romanian composer Aurele Stroe's *Le Eumenidi o la Citta Aperta* and ancient and modern folk music from Greece by Mikis Theodorakis and other Greek composers with baritone Spyros Sakkas and pianist George Couroupos (Tues, Wed). Contemporary German music by young composers from the German Academy (Wed), Spanish Academy, also works by young composers at the French Academy (Thur). Palazzo Farnese (info 3230884; tickets 654460111/2).

Venice

Zoltan Pesko conducting works by Bartok and Kurt Weill with the singer Milva and Mario Bolognese, Bruno de Simone, Ezio di Cesare and Franco Ruta (Fri). Teatro la Fenice (5210161).

Barcelona

Grec 90 - Barcelona summer festival.
Concerto Italiano conducted by Rinaldo Alessandrini. Monteverdi, Castello, Cavalieri, Frescobaldi (Tues). Placa del Rei (318 25 25).

New York

Mostly Mozart Festival. Jean-Pierre Rampal (flute) and the Mendelssohn String Quartet with John Ritter (piano). Mozart, Haydn, Kuhlau (Mon); Mostly Mozart Festival Orchestra conducted by Gerard Schwarz with Jean-Pierre Rampal (flute) and Cecilia Bartoli (mezzo-soprano). Vanhal, Pleyel, Mozart, Rossini (Tue, Wed); Tokyo String Quartet with Richard Stoltzman (clarinet) and Kazuhito Yamashita (guitar). Boccherini, Mozart, Beethoven (Thur). Avery Fisher Hall, Lincoln Center (874 6770).
St Luke's Chamber Ensemble with Deborah Hoffman (harp). Baerman, Bruce Adolphe, Mozart (Thur). Caramoor Festival, Katonah (914 232 1252).

SALEROOM

Zoffany's week

This is proving a good week for Johann Zoffany, the German-born artist who settled in England in 1758 when in his 20s and who made the aristocratic conversation piece his speciality. On Wednesday Sotheby's sold an example for £902,000, over double its top estimate, and yesterday Christie's disposed of the Colmore family, depicting Charles Colmore proudly surveying his wife, four children, and a nurse, for £2.09m.

The price was perhaps a slight disappointment. Christie's had a high estimate of £3m on the picture, the same as the record price paid for a Zoffany earlier this year. However it compares well with the £5,000 which secured the work in 1925. It was sold yesterday from the estate of the late Marquess of Cholmondeley.

There was more disappointment when a shimmering view of Vesuvius from Posillipo by Joseph Wright of Derby was unsold at £800,000. It shows the volcano at sunset and was commissioned by Mr Edward Mundy, who paid £84 for it around 1780.

In contrast a John Frederick Herring Snr view of a smithy just beat its high forecast at £137,500 and "A Horse Dealers Yard," by the Swiss-born artist Agasse, who lived happily for many years in Newman Street off Oxford Street, was within target at £132,000. Another equine scene, Mr and Mrs Lewis Priestman leading out the Braes of Derent Hunt around 1908, painted by John Charlton, sold for £55,000.

Christie's also sold English furniture, with some success, bringing in £557,238 with 17 per cent unsold. A Regency mahogany breakfront bookcase, in a Grecian form with gothic enrichments as popularised by Thomas Sheraton, sold for £18,700, right on target. A late Regency mahogany four pedestal dining table made in the 1820s by William Wilkinson of Ludgate Hill, did well at £17,600 and an early Victorian mahogany folio stand by Kendell & Co, which appeared in the same rooms as recently as October 1988 when it sold for £5,500, showed the strength of demand for good and unusual English furniture by making £15,950 yesterday.

The late Victorian and early 20th century landscape artist Henry H. Parker seems to be in demand. Two of his views, one of north Wales, the other of the Thames near Richmond, doubled their high estimates at Christie's South Kensington, going for £10,450 and £9,350 respectively.

Antony Thorncroft

FINANCIAL TIMES
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A cold light on Houston

THE HOUSTON economic summit has been remarkable for its failure to mask disagreements among the participants. The careful stage management, to which such occasions are normally subjected, produced the customary warm glow of cordial entente. But in the colder light of morning, the final communique does not look particularly substantive in any of the three main areas of disagreement – farm support, the environment, and aid to the Soviet Union. It reads, instead, like an exercise in papering over cracks.

Farm support was, if not the most important issue, certainly the one subject to the most pressing deadline. Agreement on how to negotiate liberalisation of agriculture is the key to unlocking the barriers to success in the Uruguay Round of the General Agreement on Tariffs and Trade. It is inconceivable that developing countries would accept new international disciplines on trade in services and intellectual property rights without concessions by industrial countries on farm support. Moreover, linkages between farm reform and other items on the Round's agenda mean that negotiations cannot proceed while the question of agricultural subsidies remains unaddressed.

EC victory

Maybe the leaders have, as is claimed, now opened the door to agricultural negotiations. If so, it is because the US has conceded. To the unwary, the Houston agreement may appear to be a draw, but in substance it is an EC victory. The communique appears to go no further than the mid-term agreement of last year and, where it differs, adopts language agreeable to the EC.

The negotiations on agriculture have, all along, been blocked on whether the ultimate objective should be complete liberalisation; and on whether liberalisation should occur through application of an aggregate formula covering all measures (as the EC wishes) or through commitments to limit or eliminate specific measures, particularly export subsidies (as the US desires). In the event, The US has obtained no commitment to elimination of trade-distorting measures and it has no agreement to the elimination of export subsidies.

The first of these defeats is no great matter. The US objective of complete liberalisation has been an obstacle to reform rather than a means to secure it.

Export subsidies

The language on export subsidies is more important. The key sentence reads that "the framework [for the negotiations] should contain specific assurances that, by appropriate use of the common measures [of support] as well as other ways, participants would reduce not only internal support but also export subsidies and import protection in a related way." This is no great concession by the EC. If internal price levels were lowered in relation to those in the world outside, the margin of export subsidisation and import protection would inevitably be lowered pari passu.

The framework for the negotiations has now been agreed – and it is essentially the EC's. This need not be a disaster. Substantive negotiations can now begin; and substantial liberalisation (including a reduction in export subsidies) could, in principle, be achieved under the EC's approach.

The question is how enthusiastically the EC will negotiate on the substance, having won its victory on the procedure. Will the EC's approach, in practice, lead to the "substantial, progressive reductions in agricultural support and protection" to which the EC has been ostensibly committed since the completion of the mid-term review last year? Unfortunately, nothing said by EC officials in Houston makes for optimism, not least the talk of protecting farmers' "livelihoods," even though those livelihoods are in large measure extracted from EC consumers and taxpayers.

The meeting of the Trade Negotiations Committee later this month and the remaining five months of the Uruguay Round are the test. They will show whether the EC's victory is merely the end of the beginning for the farm negotiations or the beginning of the end for current distortions of world farm output and trade.

Mr Ridley's bad judgment

THERE IS nothing inherently wrong with the use of straightforward, or blunt, language, even when the speaker is a senior member of the British Cabinet. It can be quite refreshing, as the examples of Mr Norman Tebbit ("on yer bike") and Mr Kenneth Clarke (doctors "reach for their wallets") would indicate. A world in which everyone spoke the language of the public relations officer or the diplomat would be both a poorer and a duller place.

If this was all that had happened it could be said that Mr Nicholas Ridley, the British Secretary of State for Trade and Industry, might deserve to escape unscathed from the publication of his frank remarks in The Spectator this week. He has, after all, withdrawn them "unreservedly", apparently on instruction from the Prime Minister. She has dissociated both herself and her Government from his reported statements. In the House of Commons yesterday she resisted repeated efforts to extract further expressions of Prime Ministerial disapproval.

That is, not, however, the whole story. Mr Ridley has not merely used blunt language. He has shown both insensitivity and poor judgment, not to mention ignorance of the true nature of the European Community and a united Germany's possible place within it. His insensitivity to German feelings, in a tape-recorded interview that he is experienced enough to have known would be widely quoted, is believed in both Bonn and parts of Whitehall to have caused damage to Anglo-German relations that can only be repaired by his departure from the Government. The official West German reaction is restrained in language, but strong in content. This may seem harsh, but it is understandable.

German willingness

The whole thrust of West German policy is towards winning a united Germany's acceptance as a good, democratic European nation. Bonn's espousal of the notions of monetary and political union do not constitute, in Mr Ridley's unfortunate words, "a German racket designed to take over the whole of Europe" but, in fact, a German willingness to contemplate the dilution of Germany's own sovereignty within strengthened European Community institutions.

Mr Ridley has apparently failed to grasp this essential point about contemporary West European politics. The acceptance of the Brussels machinery, or the proposed European central bank, are regarded in Bonn and Frankfurt as necessary sacrifices to a goal greater than the immediate short-term exercise of sovereignty. There is no inherent love for supranational institutions; nor is there any evidence of a deep-seated plot to manipulate them. All continental Europeans understand that the hope is that by talking about and planning such things as greater unity the several states can continue to live together in peace. Britain's Foreign Secretary, Mr Douglas Hurd, will be gravely embarrassed by his colleague's manifest inability to perceive this; his department is working overtime to repair the damage.

Comparable remarks

At a more narrow level, it is difficult to see how Mr Ridley can now carry out his own functions as Secretary of State. It is hard to imagine what he can say to European Commissioners, including his former colleague, Sir Leon Brittan, who will know when he enters the room that he regards them as "seventeen unelected reject politicians" and that to Mr Ridley the idea of giving up British sovereignty is such anathema that: "You might just as well give it to Adolf Hitler, frankly." It is not easy to envisage his words at ministerial meetings, with his German counterparts present, in the light of his remarks about the West German Chancellor, the Bundesbank President and indeed the German people.

Comparable remarks are common in private conversations everywhere in the world, as individuals of one nationality or tribe disparage those of another, but they become untenable when given the status of recorded pronouncements by a Cabinet minister. Like other ministers who have damaged the Government they serve, Mr Ridley should resign.

POLITICS TODAY

Why Britain should copy Germany

By Joe Rogaly

Mr Nicholas Ridley's injudicious whinge about Germany, as recorded in yesterday's Spectator, is a cry of history, echoing what can be heard from some folk of his generation in any public bar. Britain will start to develop its strength when it begins to learn from continental Europe rather than truculently apply the label "distinctive" to its own inherent flaws.

To take an outstanding example, we could learn much from the West German constitution. Imposed on the federal republic by the victorious allies after 1945, it is far superior to Britain's. Its principles, which were fostered by Labour's Foreign Secretary, Ernest Bevin, and supported by the United States, laid the legal foundation for contemporary West German prosperity. The story is retold in a new Oxford University Press publication, The Impossible Peace, by Anne Deighton. She quotes Bevin as arguing that "when a reasonable standard of living and prosperity has been restored there is more chance of drawing Eastern Germany towards the West than vice versa. The moment will then come for unifying Germany . . . ."

This would be possible because the "democratic and federalised system" advocated by Britain would have a "fair chance of success." The French would have preferred a loose confederation, the Russians something else again. But the Foreign Office and the Department of State lined up together. Every German alive today should be grateful for the result. Any West German politician whose memory goes back 40 or more years will know that after the Second World War the whole effort of the early founders of the Federal Republic was designed to establish Germany as a good and trusted western democracy; hence Bonn's careful adherence to the fundamentals of the federal constitution.

Power is decentralised; representation is roughly proportional; the courts can restrain the executive. Above all, electors can look to local, state, or federal authorities to divide responsibilities among themselves according to the entrenched principle that nowadays we call subsidiarity. The consequent diffusion of political power is one of several ingredients in the mix that has made contemporary Germany seem so dauntingly successful to Mrs Thatcher and her ministerial favourite, Mr Ridley. It is one of the ironies of the 1990s that as the century draws to a close it is a united Germany that will offer its people a gold-plated democracy.

Britain's unfortunate electorate is, by comparison, poverty-stricken. It faces one simple but dreadful choice, which it permits itself to make just once every four or five years. Next time it may be excruciating. They can return Mrs Margaret Thatcher for her fourth reign as elective dictator or they can pick Mr Neil Kinnock for his first. It will be a choice between the most disliked Prime Minister anyone can remember and the least respected Leader of the Opposition, save for Mr Michael Foot, that any of us can recall. Their contribution made, the voters will presumably sit by their television screens to watch this or that politician prate about "sovereignty" and "the mother of Parliaments" and a great many more myths about the British constitution.

The truth is that Britain has the weakest democratic constitution of any comparable country. It is not designed to encourage a plurality of power-bases within its executive. Its legislature is all but impotent. It is the anchor of an over-powerful unitary state. There is nothing in it to protect the rights of the several Celtic tribes, or to entrench local autonomy. It lives by adversary politics and secretive modes of decision-making. It puts too much authority for too long a stretch of time into too few hands. Mr Kinnock would love to be Britain's chief executive officer, answerable to no board and least of all to his own hand-picked collection of insecure departmental managers. Following Mrs Thatcher, he could exercise more personal power than any other head of government in what used to be called the free world.

Whether he achieves his ambition could be a straight gamble. In 1951 Labour won 230,000 more votes than the Conservatives. It lost the election. In February 1974 Mr Ted Heath's Conservatives won 300,000 more votes than Labour, but it was Mr Harold Wilson who went to Downing Street. Since 1945 no British Prime Minister – not one – has been voted in by even half of the British electorate, let alone a majority. The Tories won in 1979 with scarcely 44 per cent of the votes cast. They won on less than that in 1983 and 1987. The arithmetic is even more undemocratic if you count abstentions: Mrs Thatcher has never attracted more than a third of the possible votes at each of the three general elections she has won so far.

The truth is that Britain's constitution is the anchor of an overly powerful unitary state

It is this experience that has prompted Mr Robin Cook, the Labour spokesman on health, to campaign for electoral reform. He represents a brave but small band inside his party's leadership. He is motivated by a desire not to repeat the experience of a radical Thatcherite government based on a minority vote. Conservatives who believe that Britain lost the post-war opportunity to refurbish itself after 1945 might reflect that Mr Clement Attlee's radical Labour administration was put in by 48 per cent of those who voted – and by just 36 per cent of the electorate. Would the mistakes of statism so clearly adumbrated by Mr Corelli Barnett in The Audit of War have been so extensive and so damaging if Mr Attlee had been obliged to negotiate a coalition with the Liberals? The question becomes even more pointed if you ask what might have happened had Mr Bevin's federal German constitution been adopted by the United Kingdom – always admitting that it would be far more difficult to divide England into autonomous states than it was to create historically-based Länder.

Mr Cook's affiliation is with a party faction, the Labour campaign for electoral reform. Its latest pamphlet was published on Tuesday. This faction has 16 MP's openly on its books, and more on its private lists. The Amalgamated Engineering Union backs it. They all perceive that the present British system of voting is undemocratic. It is not only a lottery; it also sends MPs to the House of Commons on minority votes. Of the 650 members of the present House, 283 were elected on a minority vote. Under first-past-the-post voting the front-runner wins, even if he or she has less than half the votes. Labour has already indicated that it is not wedded to first-past-the-post for its proposed new Scottish, Welsh and English regional assemblies, or for its pie-in-the-sky replacement for the House of Lords, or for elections to the European Parliament. Mr Cook wants a similar willingness to reform the voting system for elections to the House of Commons.

The Labour Co-ordinating Committee, another party faction, is on the same campaign trail. It proposes the alternative vote, which means that second preferences are counted when the candidate in front does not command an overall majority. This should mean that no individual MP is elected on a minority of votes cast. The LCC also favours a topping-up list of extra members, on the lines Bevin & Co. devised for West Germany. This Anglo-German system of voting would ensure rough proportionality between parties.

There is further activity in other parts of the forest. Mr James Cornford, director of the Institute for Public Policy Research – Labour's slightly-left new think tank – is planning to publish his own new draft British constitution. This weekend a meeting organised by "Charter 88," a pressure group for constitutional reform, will create its own news. Although speakers from most British political parties, including the Conservatives, will attend, most of the heat is likely to be felt by the Labour Party.

Neil Kinnock would love to be the country's chief executive officer, answerable to no board

The probability is that none of this will do Labour much good. It has come a long way under Mr Kinnock's dogged leadership. It has jettisoned many unpopular policies. It has enjoyed good luck, in the form of a bout of self-destructive madness that has afflicted the Conservatives. Labour has not, however, managed to consolidate the passing support it has so far attracted. It could only do that by standing firm on one or two distinctive policies. Mr Kinnock is in danger of missing an excellent opportunity to associate himself with just such a platform, which would appeal to the important minority of erstwhile centre party voters who favour constitutional reform. You could call it the platform of bringing Britain's democracy up to date.

One of his excuses has always been that to do so would necessarily mean acceptance of proportional representation. This might look like weakness, or an admission that Labour cannot expect to win the next election on its own. This excuse has no force today, with Labour some 10 points ahead in the opinion polls (it had even less force in the late winter, when the party was twice as far ahead). Here is a warning for Mr Kinnock: tomorrow is rushing up on you. Slowly persuading your deputy, Mr Roy Hattersley, to accept incorporation of the European Convention on Human Rights into British law is a meritorious but insufficient step in the right direction. If the poll gap narrows to low single figures, as it usually does, the movement that favours electoral reform will grow, but you will then be paralysed by the fear that to accept its arguments so late in the proceedings will really seem like panic.

Mr Kinnock might do better by practising the ancient Labour art of stealing the clothes of the Liberal Democrats. One of their MPs, Mr Robert Maclennan, has published a "green paper" setting out possible principles for a written constitution, complete with a short draft. It makes interesting reading. Mr Maclennan is in favour of incorporating the European Convention, ahead of Labour. Like Labour, he postulates an elected Senate to replace the House of Lords; he also pusillanimously puts this off to some time in the late 1990s. As Labour does, so the Liberal Democrat paper proposes elected parliaments for Scotland and Wales, and regional assemblies in England. Both parties want a Freedom of Information Act. The Liberal Democrat version adds flavour to the package with a Supreme Court. You need one, to interpret the written constitution Mr Maclennan postulates.

The upshot is not quite a German-style federal system, but it would do for a beginning.

The big difference between the opposition parties is over electoral reform. Labour is still prevaricating and putting the subject off to special committees, and saying it does not favour any change in the first-past-the-post system for elections to the House of Commons. The Liberal Democrat paper, following long-standing party policy, comes out unequivocally for the single transferable vote for all elections. This system, which the Irish use, depends on multi-member constituencies. Voters mark their preferences in order. Counting is by a formula, which seeks to weigh the preferences of each vote until it has contributed at least something to the result. It is the most attractive electoral system, but it is less likely than the Anglo-German method to win support in any British referendum on PR. The reason is that the West Germans retain single-member constituencies, a British tradition that might be one too many to give up along with everything else.

We would have to change a great deal to take the Maclennan-British Labour Party route to a federal German-style constitution and the decentralisation of power. If we did, that alone would not arrest our century-long economic decline. It would, however, give us a better democracy – and it might give us a chance.

Careless talk

■ Not all that many senior politicians were at both Eton and Balliol, and there tends to be something eccentric, or at least individualist, about those who were. Harold Macmillan was one, Julian Amery another. More recently there has been Sir Ian Gilmour (a former proprietor and editor of The Spectator, then Cabinet Minister), and the Earl of Gowrie (poet, former Cabinet Minister and now head of Sotheby's).

There is also Nicholas Ridley. One theory about him, partially held by himself, is that he is repressed. He wanted to be an architect; his father made him become an engineer. Thus life was never quite what he wanted it to be. Even his fellow Balliol-Etonian politicians have never doubted his intelligence.

There was one time when Ridley was right and almost everyone else was wrong. That was when, as a junior minister at the Foreign Office, he advocated lease-back as a solution to the Falklands question. He was howled down by left and right alike. The Falklands War followed shortly afterwards.

Ridley's period at the Foreign Office was his "sabbatical". It was where he learned about negotiating. The secret, he said, was to allow all parties to think that talks had broken down irreparably. Then, after a pause, you asked "what's the bottom line?" Almost invariably, he claimed, that was when serious negotiations began – with a great deal of relief all round. Perhaps that is what he is up to now. Or perhaps not.

Mischief

■ For an editor of a small loss-making weekly magazine who has been doing the job for little more than three months, Dominic Lawson has certainly been making waves at *The Spectator*. A fortnight ago one of his contributors, A.N.Wilson, upset the Establishment by repeating what the Queen Mother had said over dinner. Now, his own article on Nicholas Ridley has created almost as big a stir as when his father resigned as Chancellor of the Exchequer last October.

The 33-year old Lawson says that he is sorry that Nicholas Ridley has had to retract his remarks, but there was never any suggestion that they were off the record. The interview was being tape recorded and Ridley is a "very unusual politician". Charles Moore, *The Spectator*'s previous editor and many believe a future contender for the editorship of *The Daily Telegraph*, calls Dominic a "brave journalist with a terribly good instinct". Some of his colleagues at the FT, where he worked until 1987, are less complimentary; but then former colleagues are not always the best judge of an ambitious competitor.

A terrible typist, rather disorganised, and a cricketer who rarely stands his round at the bar; he is best remembered for the development of chess coverage at a time when the game was becoming increasingly popular. Indeed he probably could have become a weak international chess master himself but did not want to spend the rest of his life touring around in a dormobile earning £4000 per annum.

OBSERVER

"Eureka"

Next, please

■ Followers of Marks and Spencer, the UK's most profitable retailer, need the skills of kremlinologists to understand what is going on behind the facade of the Baker Street head office. But to close watchers, yesterday's news that Lord Rayner will retire as chairman in March when he reaches 65 will not come as a surprise, although only recently the M and S press office was pushing the "no current plans to retire" line.

Nor will Richard "Rick" Greenbury's promotion to chairman come as a surprise. This was signalled in March 1988 when Lord Rayner handed over the chief executive's baton to Greenbury, who turns 54 later this month. It was reinforced in January this year when Clinton Silver was moved up to managing director. Thus the succession was secured.

Neither Lord Rayner or Greenbury are "family", that is descendants of the founding Marks family. But they are both in the M and S mould, each having started with the group in 1953 and having spent a period "in stores". So yesterday's annual meeting was Lord Rayner's last and as usual he skilfully deflected the questions about the sizing of ladies knickers and men's shirt collars.

Rayner has proved to be one of the more anonymous public company chairman, which is no mean feat especially for a UK retailer. But perhaps the absence of a personality cult has something to do with the doubling of the company's profits during his tenure. It can hardly be said to have damaged M and S's fortunes.

Hot stuff

■ "Americans seldom have the chance to watch a sensual blonde ruthlessly humiliating several balding, middle-aged white males in public." You guessed it, America's monthly Cable Guide TV magazine, has suddenly spotted Prime Minister's question time.

Pass the bug

■ Is someone mounting an orchestrated campaign to silence Professor Richard Lacey, the controversial microbiologist from Leeds University, who has been accused of scaremongering over salmonella poisoning and mad cow disease?. Yesterday's report by the House of Commons agriculture select committee was pretty damning, accusing him of extrapolating sensational conclusions from incomplete evidence in order to publicise his long standing concerns about food safety. The committee thought that his comments about losing a generation of people if his worst fears were realised, were over the top.

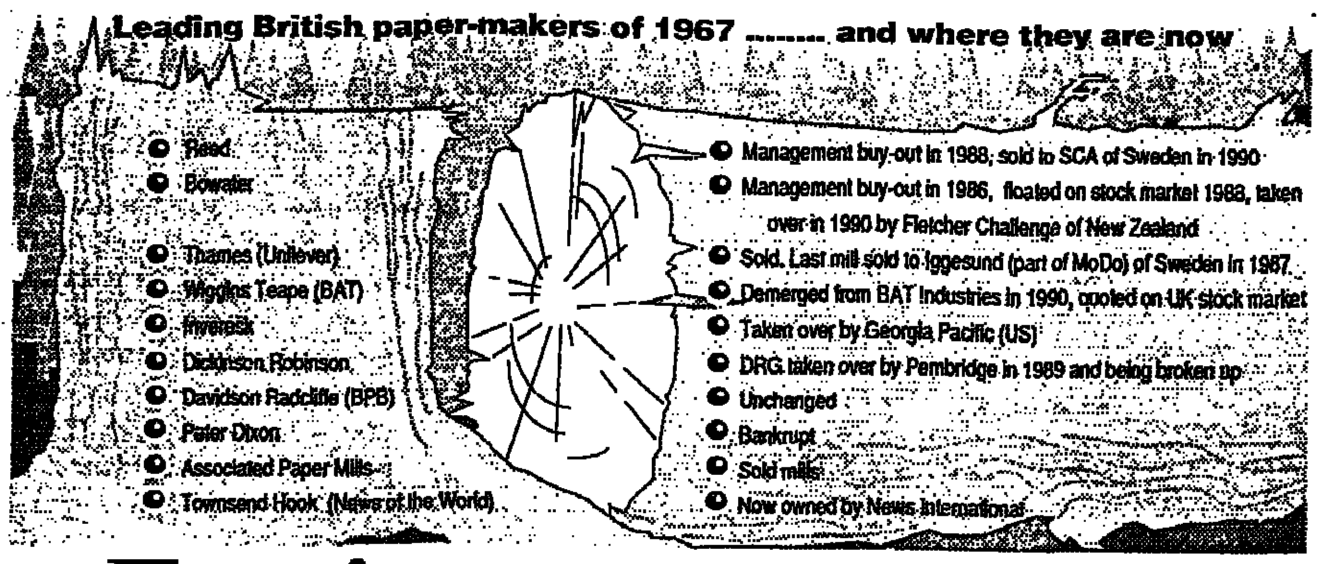
Now some of his scientific colleagues at Leeds University have ganged up to berate him in the columns of Leeds University's official magazine, The Reporter. The University rather buffily refuses to disclose the contents of the letter ahead of this morning's publication, save to say that it is more measured than the above. Nevertheless, it is all good ammunition for Lacey's critics.

Car parts

■ What's the new West Berlin description of a windscreen wiper? A Trabant without accessories.

What do you call a Trabant on top of a mountain pass? A miracle.

Multi-national groups may be a blessing for a UK industry, says Maggie Urry



Foreign owners paper over the cracks

In 1989 Britain produced the same amount of paper as it did in 1966. Sixty per cent of the paper used in the UK last year was imported. And 60 per cent of the paper and board production capacity in the UK is now in foreign ownership.

Is this another sorry tale of Britain's industrial decline; the loss of one more important business to overseas owners, like the car, motorcycle and consumer electronics industries; the failure to invest, to compete; and the humbling of once proud names?

Or can the history of the paper industry be viewed in another way? Amid a tide of international amalgamations between paper groups, perhaps it is better for the UK economy as a whole to recognise that the paper industry should be in the hands of powerful multi-national groups with the scale and dedication to achieve lowest-cost production. These will be companies that site new mills in the UK for sound business reasons, not for sentimental ones.

Britain is not alone in facing foreign predators. The story of Chapelle Darblay, France's leading newsprint and magazine paper maker, shows that other European countries have faced similar threats. The history of the company is a saga of losses and state subsidies. But despite copious government support for what was termed a strategic industry, the lame duck is nevertheless being sold to Kymmene, the Finnish group, for about FFr1.32bn, to further the group's European expansion.

Meanwhile, with rather less government help, British groups have battled against duty-free imports, rising exchange rates, high interest rates, and structural disadvantages such as lack of indigenous raw materials. Many were unequal to the struggle.

However, there has been a revival in the UK paper industry in recent years. During that recovery many British owners which do not have a real commitment to the industry have been replaced by foreigners which have. There is money somewhere prepared to build or buy British paper mills. If the price is foreign ownership, does that really matter?

First, the tale of woe. In the 1980s Bowater, once an important British-owned paper group with extensive North American interests, first dissected itself, spinning the US end off. Then, fearful of being taken over, it threw its UK paper interests overboard, selling to a management buy-out. That buy-out was eventually taken over by Fletcher Challenge of New Zealand this year.

Reed International, which in the mid-1960s was Britain's largest paper company, sold its Canadian paper activities to a Japanese buyer and its European paper and packaging business to a management buy-out in 1988. Last month that buy-out sold out to Svenska Cellulosa (SCA), the big Swedish paper company.

Even among smaller papermakers which might have been able to exploit niches and avoid confrontation with the big foreign players, there have been many takeovers. Thomas Tait, for instance, a family company which began papermaking in Aberdeenshire in 1852 and which was a daring investor in its business, last year succumbed to an approach from Federal Paper Board of the US, seeing it as the only way forward.

There are, however, several paper groups remaining in British hands. David S Smith, the biggest UK paper-maker in tonnage terms, has been built up through a series of acquisitions mainly in packaging papers. Wiggins Teape Appleton, spun off last month by BAT Industries, is British too, though it makes a sizeable proportion of its profits in North America and Europe.

The reasons the paper industry gives for its decline since the 1960s are complex. They date from Britain's removal of tariff protection against Nordic producers at a time when other European countries were keeping their import duties in place. That made the UK the obvious target for the Scandinavians' exports.

Second, in the early 1980s, the high level of sterling made it difficult for home producers to compete with the flood of cheap paper imports. Far from igniting the indigenous industry's fighting spirit, this competition nearly killed it.

Perhaps it is better for the UK economy to recognise that the paper industry should be in the hands of powerful multi-national groups with the scale and dedication to achieve lowest-cost production

Mills were closed and machines taken out of service. But although this meant that capacity was rationalised and productivity improved, the industry has not kept pace with the large Scandinavian groups. They have had to overcome problems of their own – exchange rates have often worked against them too. However, the forest products industry is far more important to the Nordic countries than it is to Britain. Mergers in Sweden and Finland have produced groups with market shares that the UK competition authorities would never allow. In Sweden, three large groups dominate the industry after a series of mergers and takeovers: SCA, Stora and MoDo. The picture in Finland is similar: United Paper Mills, Kymmene, Enso-Gutzeit and Metsä-Serla are the four leaders.

In the past many overseas competitors have had an unbeatable advantage over British producers – a huge supply of trees. Pulp costs constitute a high proportion of paper mills' selling prices for paper. Britain has to import woodpulp to make paper, while the Scandinavians and North Americans have vast forests to hand. Despite the efforts by the forestry industry to clothe large areas of Britain with conifers, only 10 per cent of the fibrous raw material used by the UK paper industry is home-grown woodpulp.

This advantage, though, is starting to wane. While the world's paper industry leaders are from the countries with huge pine forests, the pressure to cut costs has shifted the balance, not only to warmer areas where trees grow faster – such as South America and the Iberian peninsular – but also to recycled fibre.

Recycling paper saves energy costs, and waste paper is generally a cheaper raw material. Further, the environmental lobby has latched on to paper recycling – although not entirely on sound grounds – as a way to "save the planet". Governments are considering introducing minimum recycling levels.

The British paper industry has long experience of recycling, and more than half the fibre it uses is recycled. One of David S Smith's strengths has been its heavy use of recycled fibre. SCA's takeover of Reedpack was partly motivated by a desire to get into recycling. Instead of being collected from pine forests, raw materials must now be collected from "urban forests". People create waste paper, and many people in the UK live in densely populated areas where collection is easiest.

People are the ultimate market for paper-makers and the industry has, like others, sought to get closer to its customers. And EC countries in general are becoming more attractive to groups based outside the Community, especially as the single market approaches.

The British industry also seems to have been at a financial disadvantage. The industry requires heavy capital investment. A new paper mill can cost £200m and even small expansions of capacity can cost several million pounds. In 1989, according to figures from the British Paper and Board Industry Federation, paper-makers' capital expenditure was £200m, while the industry's pre-tax profits were £175m.

Reedpack – the management buy-out from Reed – started out with high levels of debt, but insisted at first that it would continue to invest. High interest rates and the softening of the economy meant that the group came under pressure from its bankers. When it came to considering SCA's offer, the stick was that remaining independent would mean cutting spending. The carrot was that the sale gave institutional investors an exit at two-and-a-half times their original stake, while top management made a 34-fold gain.

The group had been assessing a project to build a large newsprint machine at Aylesford in Kent. From the beginning Reedpack knew it could not finance the investment alone, and brought in a Canadian partner. But even then interest rates of 15 per cent looked likely to scupper the plan. Only now that SCA is buying Reedpack does the investment look certain.

Nearly all the important investments made in the British paper industry in recent years have been financed from abroad. The Bridgewater newsprint mill at Ellesmere Port, closed down by Bowater at the beginning of the 1980s, was reopened in 1983 by Consolidated Bathurst of Canada. The Shotton mill in north Wales, a £250m investment, was built by United Paper Mills of Finland. The Caledonian Paper mill, which cost £215m and was opened a year ago, is owned by the Finnish company Kymmene. And Abitibi-Price, the Canadian pulp and paper group, announced yesterday that it will build a £200m newsprint mill near Glasgow in Scotland in partnership with the Daily Telegraph and Mirror Group Newspapers.

This raises the question of whether British groups – needing to please either shareholders or bankers – can hope to take on large-scale investments where the returns are often long term. Foreign investors, many of them immune from takeover and with bankers used to the scale of paper industry investment, may be readier to do so.

LOMBARD

Political union: the wrong label

By Lucy Kellaway

MY suggestion for December's intergovernmental conference on European political union is that it should be called something else. "Political union" sounds nice and neat; an appropriate companion piece to the conference on monetary union that will be running at the same time. But the tag is misleading, emotionally charged, and is inspiring false hopes in some and needless fears in others.

While everyone knows what monetary union means, no one has a clear notion of political union: and putting the two terms together is asking for trouble. Monetary union means permanently fixed exchange rates, a single interest rate and a single monetary policy. By analogy, political union presumably means one central government and one set of policies. It implies the end of Europe's individual constitutions and its monarchs, and would put Margaret Thatcher roughly on a par with Mr Gaston Geens, minister president of the Flemish region of Belgium.

For now such thoughts are fanciful; and whatever is discussed in December under the title of political union it will not be that. Even Mr Jacques Delors, the greatest European federalist of them all, recognises that a real political union is a very long way away. And as far as the 12 participants at December's conference go, there is little sign that they have given the matter any serious thought, let alone that they are ready to state that a truly federal Europe is the long-term goal, the Stage Three of political union, as it were.

So what did they all mean in the Dublin summit communique when they "confirmed their commitment to a political union?" And what did Mr François Mitterrand have in mind when he repeated the popular view that economic and monetary union is not possible without political union?

The problem is that political union, as used, is not something that one either has or has not. It contains nothing like a single currency that you can wave in the air, and say "aha, political union." It is a slow and gradual process, about transferring political decision making from national bodies to European ones.

The process of political union in Europe started in a small way in 1952 with the European Coal and Steel Community. The next step was in 1957 with the signing of the Treaty of Rome, while the most recent was the signing of the Single Market Act. This last – rubbished by everyone at the time – has turned out to be a large step towards political union, increasing the power of the centre by allowing decisions to be taken on a qualified majority rather than unanimously, and giving the European parliament a first taste of power.

Economic and monetary union will imply another such step as member states give up their remaining influence over monetary and exchange rate policies. Maybe that is what Mr Mitterrand meant. More probably he was referring to the further changes that will be needed to strengthen European political institutions to make them better able to cope with the extra tasks of monetary union.

When member states commit themselves to "political union," presumably all they mean is that the Treaty needs changing to allow the Community to go both wider and deeper. What is up for discussion this time is a further strengthening of the powers of the European Parliament, more decision making by ministers on a majority vote, some streamlining of the Commission. More controversially, foreign and security policy have also found themselves on the agenda, although nobody is expecting anything dramatic here.

The better form of words is "institutional reform," which is accurate, involves no inflated expectations, and leaves open the shape and extent of the actual reforms. The disadvantage is that it sounds ugly. But then as December's meeting already goes under the name of an "Intergovernmental Conference," adding a further unsightly label does not seem to make much difference.

LETTERS

More help needed for small businesses

From Mr Bernard Tennant.

Sir, We welcome your editorial comment in support of small business ("Small business needs a hand," July 11) and particularly your call for the Business Expansion Scheme to be extended.

This Government has provided various incentives for new business start-ups, but we are concerned that active encouragement needs to be given to established small firms, especially those with unincorporated status. Small firms need to be encouraged to facilitate growth by ploughing back profits and introducing new technology. In that respect we support your comments on the value of the study by the Advisory Council on Science and Technology in helping to remove such barriers to growth in small firms.

The Business Expansion Scheme denies working proprietors the tax relief available to persons not engaged in the business. That is anomalous.

For several years we have asked the Chancellor of the Exchequer to give positive recognition to the need to encourage small businesses to invest and re-invest unstintingly in their own businesses to provide a firm financial base for research, training and expansion. We have recommended that provision be made to enable small businesses to set aside a proportion of profits to a tax free investment reserve for development on condition that it is used for approved purposes within 10 years.

Bernard Tennant,
Director General,
National Chamber of Trade,
Enterprise House,
59 Castle Street,
Reading, Berkshire

Structures to replace Gatt

From Mr Harry Shutt.

Sir, It is encouraging to note signs ("OECD should be the new forum for trade talks," June 27) of an emerging recognition among the international establishment that a replacement for the General Agreement on Tariffs and Trade is needed to assure improved multilateral regulation of trade and that such a body would have to take account of the wide range of policy and structural issues which impinge on trade flows (in line with the agenda of the Japan/US SII discussions).

In contrast, the proposal that the Organisation for Economic Co-operation and Development should be given this function – apparently on the grounds that it would eliminate "North-South rhetoric" from the discussions – seems wholly retrograde.

Indeed it seems hardly credible that anyone could now propose that a new regime for regulating international economic relations should be designed primarily in the interests of the existing rich man's club, representing less than 20 per cent of the world's population and ignoring both the needs of the increasingly beleaguered Third World and the reasonable demand of the east European nations to be integrated into the world economy.

More fundamentally, it still does not seem to be recognised that a purely negative regulatory system will never be accepted in practice by countries which perceive that the competitive odds are stacked against them by their poor infrastructure, lack of access to technology etc. This problem is compounded by the difficulty of quantifying the impact of different forms of market-distorting intervention.

What is needed are:

- Structures with a positive bias towards increasing the share of the more disadvantaged countries in global economic activity (acceptance of this principle is implicit in the regional policies practised in the European Community and by other OECD countries).
- Open agreements on allocation/restriction of sectoral market shares (as in the recent US/Japan semi-conductor pact, but multilateral).

Such an approach would entail radical and difficult changes in international economic organisation. Yet it is surely more realistic than the notion of the OECD countries trying to put a ring-fence round their own private playing field, level or not.

Harry Strutt,
The Grange,
Hillside,
Horsham, Sussex

Takeovers and short-termism

From Mr Alan R. Malachowski.

Sir, It is encouraging (though perhaps just a touch ironic for dedicated observers of takeover luminaries) to see Martin Lipton ("An end to hostile takeovers and short-termism," June 27) trying to put some teeth on the arguments favouring long-termism. He is surely right to advocate a system of corporate governance which provides a rationale for "planning" and at the same time undermines the motives for short-sighted hostile takeovers.

In Lipton's scheme of things, the tyranny of "current price" could be overthrown. Furthermore, business people would probably get a better chance to develop their strategic acumen, to the greater good of future generations.

With the inclusion of some ingenious measures to preserve shareholder control and corporate democracy, Lipton's suggestions are worthy of the "consideration and debate" he invites. So let me ask; Why quinquennial? And, why across the board?

Why not let empirical studies of market efficiencies at a product/service-specific level determine the time period case by case? And why not still allow for short-term governance in those areas of competition where the constant push for "immediate gains" does appear to benefit all concerned, even in the longer term?

Ultimately the problems of short-termism will not be resolved by shifting en bloc to long-termism. What is needed is rather a flexible, pluralist system of governance which utilises a combination of short-term and long-term responses, facilitating each in turn when and where appropriate.

Alan R. Malachowski,
Visiting Fellow,
University of East Anglia,
Norwich

From Mr Guy Wyser-Pratte.

Sir, We know Mr Lipton well in the US. He is the celebrated inventor of the insidious "poison pill" which has infected the American marketplace now for a number of years since its inception by often dramatically lowering the market prices of shares subject to these novel instruments.

We on this side of the ocean view these anti-takeover tactics very simply as an extension of the American Bar Association's Full Employment Act for attorneys. "Poison pill" litigation has flooded the courtrooms of the Delaware chancery as well as the federal judiciary from the Atlantic to the Pacific coast.

Now again comes Mr Lipton, this time into the takeover scene in Europe at the propitious moment when barriers to takeovers seem to be falling and a rationalisation of various industry sectors is necessarily spreading across the continent. Some of these rationalisations will be effected amicably, but a number will have to be forced upon reluctant managers.

However, Mr Lipton would resolve this profound conflict of interest between shareholders and management by simply putting corporate governance into abeyance for a five-year period. This would effectively eliminate the UK's Takeover Panel, which eminently disposes of shareholder-management conflicts without recourse to the judicial system.

Mr Lipton's suggestion of a five-year moratorium is so ludicrous as to leave one with the impression that what he is trying to do in Europe now is what he has always been doing in the US: prospecting for corporate clients.

Guy Wyser-Pratte
Executive Vice President,
Prudential-Bache Securities,
Prudential-Bache Building,
1 Seaport Plaza,
New York

Not the most favoured formula

From Mr Malcolm Deere.

Sir, Norma Cohen, writing on A/AS examination reform ("Heads urge end of A levels," July 11), claims that "the norm ... for a pupil to study for three or four AS levels and one A level ... has the informal backing of the Standing Conference on University Entrance."

That is simply not true. There are many possible aspects of A/AS reforms that would receive open-minded – even sympathetic – consideration by the Standing Conference, but I do not believe that that particular formula would be particularly favoured above any other.

Malcolm Deere,
Secretary,
Standing Conference on
University Entrance,
29 Tavistock Square, WC1

FINANCIAL TIMES
Friday July 13 1990

RESIGNATION STUNS CONGRESS

Yeltsin triggers Soviet Party split

By Quentin Peel and Leyla Boulton in Moscow

MR BORIS YELTSIN stunned the ruling Soviet Communist Party congress yesterday by announcing his resignation from the Party, as the split in its ranks became a reality.

Mr Yeltsin, president of the Russian parliament and the most popular politician in the Soviet Union, announced his decision an hour before leaders of the Democratic Platform, the radical minority group committed to promoting a multi-party system, declared their determination to leave the party too, in spite of President Mikhail Gorbachev's desperate attempts to keep it united.

The twin blows to the party came as the Soviet leader had appeared to consolidate his position and reform plans at the top, after the resounding defeat of Mr Yegor Ligachev, the leading party conservative, for the deputy leadership.

A day of celebration among the party reformers turned to gloom as Mr Yeltsin carried out his threat to quit on the grounds that he must be above party politics in the role of Russian President.

In so doing, he is making the move which Mr Gorbachev himself has dared not make, for fear of leaving the still hugely-powerful party apparatus in the hands of committed conservatives.

The latest dramas on the floor of the congress came after the 4,700 delegates approved new party rules, which still restrict the operation of different factions within the party and insist on strict observance of party discipline in obeying the orders of the highest party bodies. Those were the issues on which the Democratic Platform was prepared to quit.

Last night the congress was again locked in debate, as the delegates tried to decide on the shape and membership of their future Central Committee, with conservatives attempting to block the election of key Gorbachev supporters.

Mr Yeltsin's decision came after the Russian President was nominated on the official list of 311 candidates for the Central Committee – strictly allocated on quotas to each Soviet republic.

Instead of merely suspending his membership, as he had earlier threatened to do, Mr Yeltsin said: "I am announcing my resignation from the CPSU [Communist Party of the Soviet Union]. I cannot be guided in my decisions by the CPSU alone." To a hushed auditorium, he said that as the country, and the Russian federation, moved towards a multi-party system, "I cannot fulfil the instructions of the Communist Party alone."

He left the chamber without another comment. Mr Gorbachev was heard to remark: "That ends the process logically."

The next to go was Mr Vyacheslav Shostakovsky, a leader of the Democratic Platform who has hitherto argued strongly in favour of compromise. He told the congress: "I am authorised to declare the division of the party, and our intention to form an independent party."

It was not immediately clear how many from the Platform, with only 100 delegates but considerable following in the party rank and file, would quit. The democrats have been divided into two factions, with half determined to leave come what may and half hoping to stay.

The declaration read out by Mr Shostakovsky, rector of the Moscow Higher Party School, was signed by Mr Anatoly Sobchak, mayor of Leningrad, Mr Yuri Boldyrev, another Leningrad radical, and Mr Vladimir Lysenko, the other most prominent name in the group's national leadership.

Their move was a blow to Mr Gorbachev after he had secured the overwhelming election of Mr Vladimir Ivashko, the former Communist Party leader in the Ukraine, as his deputy, over Mr Ligachev.

Vladimir Ivashko, new deputy leader, addresses delegates

Concern over rise in Japan's trade surplus

By Robert Thomson in Tokyo

JAPAN'S trade surplus for June rose by 27.6 per cent to \$6.7bn (£3.7bn), reversing a long-term fall and prompting concern in the Japanese government that trade friction will also increase in coming months.

Figures released by the Ministry of Finance yesterday showed that exports for the month increased by 4.7 per cent from a year earlier to \$23.7bn, while imports fell by 2.2 per cent to \$17bn, reflecting the impact of the yen's weakness.

Seasonally adjusted, the surplus was \$6.9bn, compared to \$3.4bn in May, and \$5.4bn for the same month last year.

The volume growth of exports for the month was a strong 8.1 per cent, while import growth was only 1 per cent.

The Finance Ministry said that irregular events, such as a surge in car exports to the European Community and unusually weak imports of food, had influenced the June figures, but there is deep concern in the government that the trade surplus has again begun an upward climb.

There was some improvement in the politically sensitive bilateral surplus with the United States.

The surplus was down by 11 per cent from a year earlier to \$3.25bn, with exports to the US 6.7 per cent lower, though imports from the US also fell by 3.7 per cent.

Exports to the EC rose by 12.8 per cent to \$4.3bn, while imports from the EC increased by 18.4 per cent to \$2.7bn. The figures show that export growth was particularly strong in industrial and transport machinery, which rose by 12.8 per cent.

THE LEX COLUMN

Mr Greenspan's credit crunch

Yesterday's sharp drop in the dollar in reponse to Mr Greenspan's remarks may be a misunderstanding. The Fed is specifically not saying that easing is needed in response to economic slowdown. Rather, it seems finally to be admitting that bad debts, the savings and loans crisis and so forth have produced a credit crunch in the US banking system. If that is all it amounts to, easing in order to maintain a credit equilibrium ought in policy terms to be neutral.

Nevertheless, the effect may well be to renew upward pressure on sterling. The strength of the dollar earlier this week was largely a matter of switching out of sterling after its latest ERM-inspired rise. If that reverses again, sterling may renew its run at DM3 – assuming the markets remain convinced that ERM entry is a forgeone conclusion.

Which brings us, of course, to Mr Ridley. It will surprise no one that there is hostility here and there in the Tory party towards German dominance of monetary policy. The combination of German unification and the UK's entry into the system was bound to raise hackles sooner or later. Indeed, something of the same is more temperately expressed in Sir Alan Walters' forthcoming book.

From a domestic viewpoint, just as interesting is Mr Ridley's blunt objection to the ERM on the grounds that the Government would be unable to tinker with monetary policy in the run-up to an election. This is precisely the kind of bad habit which independent central banks are there to combat. The fact that the UK Government is prepared to give the habit up serves to underline how rattled it must be by trends in the domestic economy.

Hawker Siddeley

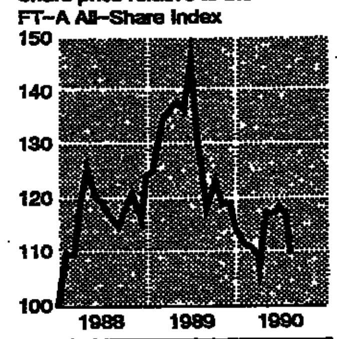
Yesterday's statement from Hawker Siddeley is a sharp reminder that even in the FT-SE, profit warnings are no longer confined to housebuilders and retailers. This time, the market's response seems measured enough. A month ago, before the market began to suspect that something was wrong, this year's pre-tax profits were expected to reach £225m; now they look like being 20 per cent lower than that. Counting yesterday's 10 per cent slump, the shares have underperformed the All-Share by just 20 per cent in the meantime.

Coming from a new management set on restructuring the company, any warning is bound to be unsettling. But the damage does appear to be localised. The electrical contracting business, which lost £6m last year, is to lose £30m this. The really nasty contracts are for power stations in the US; after completion by the end of this year, there are no plans for any more. In the UK, where electricity privatisation offers tempting opportunities, Hawker may take on new contracting jobs besides supplying equipment; but it would be equally possible to walk away from a business which began as a sideline and has shown signs of getting out of hand.

On top of contracting losses, the further £15m shortfall looks to have three sources: interest charges on a newly geared balance sheet: lower profits on general engineering, due to specific weakness in specific markets such as US autos and UK construction: and the translation effect of stronger sterling. At yesterday's 548p the shares are on a prospective multiple of 10, which seems fair enough.

Rank Organisation

Share price relative to the FT–A All–Share Index



Rank

The leisure companies seem to be taking it in turns to blot their copybooks. Wednesday saw a 6 per cent fall in Granada's share price on disappointing results; yesterday Rank's shares suffered a similar percentage decline. If anything, shareholders were even more disgruntled with Rank, since they have already stumped up £357m for a rights issue this year and face another heavy issue of paper if the Mecca deal goes through.

The pre-tax increase was flattered by £9m of bond redemption profits and by the post-rights decline in the interest charge. After subtracting some £8m of profits from the sale of the Rank training business, taken above the line, leisure profits fell by around £6m. And this time Rank Xerox could not ride to the rescue, because of higher development expenditure at Fuji Xerox.

Forecasts for the full year were yesterday being marked down to £335m, which puts the shares on a prospective multiple of around 10. To those worried about the risks involved in taking on Mecca or Mr Gifford's cautious statement about the effects of US and UK economic slowdowns, that will not look cheap.

Sun Life

The reaction to Sun Life's long-expected £67m rights issue seemed to consist mainly of relief that the deed was done; the shares fell only 27p to 1283p. It was obviously ridiculous that a company with a market capitalisation of £750m should have shareholders' funds of under £18m. It even needed juggling to pay last year's interim dividend. Whether Sun Life, in its role as institutional investor, would approve of a company raising equity to fund unspecified expansion plans is another matter. But the two major shareholders, UAP and Transatlantic, are now sufficiently supportive to be underwriting most of the issue.

Outside investors may not feel so happy about the new business figures, which revealed considerable weakness in the second quarter. Buying financial products seems to be one area where the consumers are definitely pulling in their horns. The prospective yield on Sun Life's shares, at 5.2 per cent, is over a point below the sector average, doubtless because of speculation about an eventual UAP takeover. But the complex end game between the French and Transatlantic may take some years to be resolved.

Bank lending

The authorities cannot take much comfort from the the Bank of England's latest quarterly analysis of bank advances. True, the 3 per cent rise in sterling lending to the private sector in the three months to end May is well down on previous periods. But the sharp drop in the growth of corporate borrowing suggests that investment is now being hit, while the continued buoyancy of personal borrowing underlines the Government's problems in curbing the consumer. Finally, the annual growth in property lending has fallen; but it is still 29 per cent.

Albanians cruise in on tide of freedom

John Wyles looks at the latest influx of arrivals to Brindisi, Italy

BRINDISI, a sleepy, windblown port at the heel of Italy, has served for centuries as a gateway to the peninsula for countless millions of travellers as well as conquering Greeks, Normans and Spaniards.

But no more surprising, or more welcome, cargo will have landed on its dockside than the 4,000 Albanian refugees beginning new lives in exile today.

Theirs will have been a nerve-wracking and physically exhausting exit from the German, Italian and French embassies in Tirana where some began seeking shelter two weeks ago from the repressive reactions of a Stalinist regime to growing political dissidence.

By last night, five passenger ferries were either en route or at anchor off the Albanian port of Durazzo, about 40km from Tirana. Two have been chartered by the Italian Government, two by Germany and one by France. The first vessel to reach Brindisi at about 8am today will be carrying some of the 3,200 refugees from the German embassy who are being given priority because they are said to be in the most depleted physical condition after days without sufficient food and water.

"I am pleased that they are coming to Brindisi because it gives us an opportunity to show them Italian hospitality," said Mr Giuseppe Mazzitello, prefect of the port city, who has been responsible for co-ordinating the welcome which the Italians have put together hastily over the past few days.

Those 3,200 refugees bound for Germany will walk a few yards from their ferry into the dockside railway terminal where three special German trains will be awaiting them. Showers and medical facilities will be available, although the number of known injured or sick appears to be small.

According to Mr Franco Loparco of the Italian Red Cross in Brindisi, there are two or three cases of fractured limbs, a couple suffering "renal colic" and two women in an advanced state of pregnancy. This category has been reduced by one in the past 24 hours following a birth at the German embassy in Tirana.

By late this afternoon all five ferries should have reached Brindisi and discharged their passengers, except for the French vessel which will make a brief call and then sail on to Marseilles with its 600 Albanians.

While those bound for Germany will be equipped with meal hampers containing cheese, fresh fruit, mineral water and tins of meat and tuna fish, the 808 Albanians who have opted for Italy will be heading for a meal at their temporary lodgings at a former army camp at Restinco, about 8km outside Brindisi.

Their future in Italy remains uncertain and Mr Mazzitello appeared somewhat over-optimistic yesterday when he said that he thought that the refugees would have moved on to other destinations in Italy in five days.

There are several Albanian-speaking communities in the Italian south and interpreters from one of them, Lungro in Calabria, will be on hand today. These communities would be natural harbours for today's refugees except for the fact that they are in the most depressed and unemployment-shackled parts of the country.

Court rules on EC directives

By Lucy Kellaway in Brussels

SIX WOMEN forced to retire by British Gas, the UK energy supplier, at the age of 60 have scored a victory in the European Court of Justice, in a ruling that will greatly strengthen the power of European law over state industries.

The women argued that the company had acted illegally under a 1976 European directive setting equal pay and conditions at work for both sexes, even though the directive had not been incorporated into UK law.

The judgment applies to any body that provides a public service. It will mean that these bodies must comply with any EC directives even if their governments have not implemented them by the due date. At present, failure to implement directives is widespread and, in single market legislation in particular, only a handful of the 279 directives have been put into practice by all countries.

The court decided that even though British Gas was not breaking British law – which sets the retirement age for women at 60 and for men at 65 – it should have complied with the directive.

The judgment makes a distinction between nationalised industries and private citizens and employers. The former, like governments themselves, are required to stick by directives that their governments have signed, even if national laws have not been changed accordingly. Private citizens and employers can ignore all directives until they have become part of national law.

A European Commission legal expert said the decision could have serious implications for the privatised water authorities, which would automatically be subject to water purity laws.

The British Government, which was taken to court by the Commission for its failure to implement the directive, has subsequently done so.

The six women who were forced to retire in 1985 and 1986, must now return to the UK courts for a decision on any damages.

Texaco plans £450m Welsh power station

By David Thomas, Resources Editor, in London

TEXACO, the US-based oil company, yesterday announced plans for a £450m (\$805m) power station based at its oil refinery in Pembroke, South Wales.

The station, if it gets the final go-ahead this autumn, will be the first in the new wave of independent power projects in Britain in which an oil company has a large stake.

It is also a further sign of the growing interest among US energy companies in the liberalised UK electricity market.

Texaco's partner in designing, building and operating the power station will be Mission Energy, a Californian-based energy company which specialises in combined heat and power projects in the US.

Mission, a newcomer to the UK, is a subsidiary of Southern California Edison, one of the largest energy utilities in the US.

South Wales Electricity, London Electricity and Southern Electric – three of the regional UK distribution companies heading for privatisation – are also negotiating to take a stake in the power station, though Texaco and Mission are likely to remain the largest shareholders.

The station will have a capacity of 1,000-1,100MW, making it the second largest of the clutch of independent power stations which have recently been unveiled in Britain.

About 40MW of its output will be used to run Texaco's refinery in Pembroke, with the rest being passed into the national grid. South Wales Electricity is expected to take about 100MW of the output, while London and Southern might take the remainder.

Texaco and Mission are holding discussions about supplies of natural gas, which will be the main fuel for the station, though fuels derived from the refinery will also be used to drive its turbines.

A firm decision on whether to proceed with the project is expected to be made by the end of the year.

Texaco believes that the station could come on stream by October 1993.

Texaco has not previously been involved in electricity generation in the UK, although it has substantial power experience in the US, mainly in combined heat and power projects.

Mission came to the UK specifically to take advantage of the opportunities posed by electricity privatisation.

Mr Stephen Barrett, head of Mission Energy's UK operations said: "Mission Energy is one of the largest private power developers in the US and has the resources to make a significant contribution to the electricity market in the UK."

Ridley's future in doubt over remarks on Germany

Continued from Page 1

able..." He went on to say that handing over sovereignty to the European Community was tantamount to giving it to Adolf Hitler.

Mr Lawson suggested to Mr Ridley that West German Chancellor Helmut Kohl was preferable to Hitler, adding: "He's not going to bomb us, after all."

"I'm not sure I wouldn't rather have... er... the shelters and the chance to fight back, than simply being taken over by... economics," he replied.

He said it was a "jolly good thing" people remembered the Second World War. "Only two months ago I was in Auschwitz, Poland. Next week I'm in Czechoslovakia. You ask them what they think about the Second World War. It's useful to remember."

Turning his attack on the European Community as a whole, Mr Ridley said he was aghast at handing over sovereignty to "17 unelected reject politicians" and a "supine parliament."

Yesterday, British ministers said that it would be impossible for the Government to retain credibility among its European partners as long as Mr Ridley retained a prominent position.

Despite her disavowal of his stance, it was inevitable that Mrs Thatcher would continue to be associated with his views as long as he remained.

The dismay among many Tory MPs was intensified by the fear that the row over the interview has reopened yet again the delicate political compromise within the Government over its policy towards Europe.

Mr Ridley's deep mistrust of closer integration is shared by the Prime Minister, but she has been persuaded by Mr Hurd and by Mr John Major, Chancellor of the Exchequer, to adopt a constructive approach to plans for economic and political union.

While some Tory MPs privately cheered the language as well as the sentiments expressed by Mr Ridley, most were concerned that another open split over Europe would seriously damage the Government in the run-up the election due by mid-1992.

Mr Kinnock, in an effective House of Commons display which left Mrs Thatcher looking distinctly uneasy said: "What Mr Ridley said was not just deeply offensive to our allies and partners, but deeply damaging to our country's interests, and he must go."

West German Chancellor Helmut Kohl told aides that he did not want to "over-value" the matter. The most common reactions mixed shock, regret and ridicule.

"The insulting comparisons used for the European Commission disqualify themselves," Mr Stavenhagen said. "The attacks against Chancellor Helmut Kohl are scandalous."

"The attacks on the Bundesbank must be repelled with the greatest sharpness," the statement said.

WORLDWIDE WEATHER

		°C	°F			°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	F	23	75	Berlin	F	22	72	Caracas	C	27	82	Faro	C	23	75	Islamabad	F	32	90
Algiers	S	27	81	Biarritz	S	28	84	Casablanca	C	22	73	Florence	S	26	79	Istanbul	F	27	81
Amsterdam	S	22	72	Bombay	F	28	84	Chicago	C	17	63	Frankfurt	S	22	73	Jakarta	F	32	91
Athens	F	31	88	Bordeaux	S	27	82	Cologne	S	23	75	Geneva	S	21	70	Jersey	S	23	75
Bahrain	S	37	99	Boulogne	F	21	70	Copenhagen	F	20	68	Gibraltar	S	25	77	Johannesburg	S	17	63
Bangkok	F	32	90	Brussels	S	25	77	Corfu	S	32	90	Glasgow	R	12	55	Lima	C	17	64
Barcelona	S	27	81	Budapest	S	25	77	Dallas	T	21	70	Helsinki	C	18	66	Lisbon	S	25	77
Beirut	–	–	–	Buenos Aires	F	20	68	Dublin	C	16	61	Hong Kong	–	–	–	London	C	26	79
Belfast	R	12	55	Cairo	S	31	88	Dubrovnik	S	28	84	Innsbruck	S	22	72	Los Angeles	C	23	73
Belgrade	C	23	75	Cape Town	F	12	55	Edinburgh	R	12	55	Inverness	C	15	59	Luxembourg	S	23	75

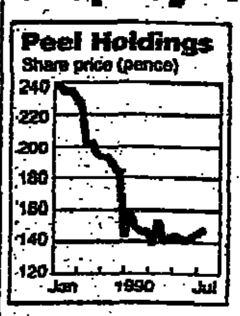
		°C	°F			°C	°F			°C	°F			°C	°F			°C	°F
Madeira	C	22	72	Milan	S	23	75	Nicosia	S	27	81	Salzburg	S	22	72	Tenerife	S	27	82
Madrid	S	30	86	Montreal	F	17	63	Oporto	C	17	64	San Francisco	C	16	61	Tokyo	R	20	68
Majorca	S	27	82	Moscow	C	15	59	Oslo	S	20	68	Seoul	F	31	88	Toronto	F	18	65
Malaga	S	27	82	Munich	S	21	70	Paris	S	25	77	Singapore	R	25	77	Tunis	F	29	84
Malta	S	27	81	Nairobi	F	22	73	Peking	C	32	90	Stockholm	S	21	70	Valencia	F	26	79
Manchester	S	20	68	Naples	F	28	84	Prague	S	23	75	Strasbourg	S	23	75	Venice	S	25	77
Manila	C	32	91	Nassau	C	32	90	Reykjavik	C	11	52	Sydney	F	12	55	Vienna	S	22	72
Melbourne	F	12	54	New Delhi	S	32	91	Rhodes	S	27	81	Taipei	F	36	97	Warsaw	C	22	72
Mexico City	C	22	72	New York	R	17	64	Rio de Janeiro	C	20	68	Tangier	S	25	77	Washington	C	22	73
Miami	R	26	79	Nice	S	26	79	Rome	F	23	75	Tel Aviv	F	27	82	Zurich	S	22	72

Temperatures at midday yesterday C–Cloudy Dr–Drizzle F–Fair Fg–Fog H–Hail R–Rain S–Sunny Sl–Sleet Sn–Snow T–Thunder

FINANCIAL TIMES
COMPANIES & MARKETS
Friday July 13 1990

INSIDE

Peel profits drop by 45%



Hit by soaring interest costs and a declining contribution from house-building activities, Peel Holdings yesterday became the latest UK property company to reveal a sharp turn for the worse in profitability. The Manchester-based group's pre-tax profits for the year to March 31 dropped by 45 per cent to £11m ($19.78m). Turnover, by contrast, more than doubled to £94.6m from £42.3m, buoyed by the January 1989 acquisition of London Shop. Page 31

Streamlining objective at BfG

Bank für Gemeinwirtschaft (BfG) is trying to lose weight rapidly – to become, in the words of its new chief executive, Paul Wieandt, "a quite normal national bank." That may sound an unremarkable objective for what is West Germany's sixth largest bank. But it is actually no mean task for Mr Wieandt, who took over at BfG in March. Page 24

Controlling BAe's treasury

Tony Rice, assistant treasurer of British Aerospace believes his group's exposure is "arguably as complex as any in the UK." BAe has a broad spread of businesses that generate foreign currency and interest rate exposure. Only about half of its revenues are in sterling, the currency in which its balance sheet is denominated. Page 29

Results from target Tace

Profits at Tace, the UK control equipment company, were virtually static at £1.72m ($3.09m) for the six months to March 31. And at Goring Kerr, its 51.1 per cent-owned quoted subsidiary, results were down 9 per cent to £1.42m. In May, it was announced that both companies were being put up for sale, either as a whole or in "unbundled" parts. At that time, managers were considering a buy-out. Since then, a number of parties representing interests in North America, the Far East, the UK and other parts of Europe have expressed interest via Hambros Bank, Tace's adviser. Page 32

China tests grain market

In an experimental step to ease its grain distribution problems, China is planning to open a cash delivery market for wheat. Scheduled to open in Zhengzhou, Henan province, in September, it will be the first market of its kind in China. But it will not use the conventional trading methods of western futures markets. "It's experimental," one western diplomat said. "It will work as a grain transfer system. Whether it will go from there to follow futures practices is uncertain." Page 33

Market Statistics

Companies in this section

Chief price changes yesterday

FRANKFURT (DM)

Rises			
Colonia Versich	1435	+	35
Horten	266	+	6.5
Falls			
Allianz	2870	–	8
Deutsche Bk	822	–	2
Dresdner Bk	445.2	–	2.3
PWA	301.2	–	13.8

NEW YORK ($)

Rises			
Santel	34⅜	+	6⅜
Schlumberger	59½	+	1⅞
Falls			
Chase Manhattan	22¼	–	1⅛
Comp Assoc Intl	10¾	–	5¾
GTE	28⅞	–	2⅛
Sears,Roebuck	34¼	–	1¼

PARIS (FFr)

Rises			
Casino	146	+	9.2
Elf Aquitaine	645	+	12
Peugeot	737	+	10
Total	683	+	16
Falls			
Damez	768	–	127
Lyonnaise	602	–	100

TOKYO (Yen)

Rises			
Daito Seiki	5980	+	680
Fujitsu Denso	2880	+	330
Nasaco	4050	+	430
Shin-Kobe Elct	2150	+	250
Taihei Kogyo	1950	+	200
Tsubakimoto	3200	+	320

New York prices at 12.30pm.

LONDON (Pence)

Rises			
AMEC	449	+	8
Abbey Natl.	218	+	4
Brit. Petroleum	328	+	7
Cambridge Elect	174	+	20
Danbury	51	+	9
Enterprise Oil	648	+	13
Logica	193	+	9
London Intl.	237	+	6
Racal Tele.	368	+	10
Bopoar A	128	+	6
Sainsbury (J)	291	+	6
Shell	466	+	11
Sparrowhawk	250	+	16
Falls			
Amersham Intl.	316	–	14
Aviva Pet.	24½	–	4¼
Brent Walker	283	–	14
Grand Met	637	–	13
Hawker Sidd.	548	–	62
RHM	340	–	8
Rank Org.	789	–	48
Siebe	468	–	25
Sun Life	1283	–	27

Computer Assocs' sales fall hits shares

By Roderick Oram in New York

COMPUTER Associates International, the US company which is one of the world's leading suppliers of mainframe computer software, warned yesterday that its revenues in the quarter ended in June fell "significantly" short of year-earlier levels.

The brief announcement, signalling that the company's rapid growth had ground to a halt after dozens of acquisitions, knocked one-third off its share price. In heavy trading, the shares fell $5¼ to $11 by early afternoon.

"We are, of course, disappointed with the June results," Mr Anthony Wang, president, said in a statement. Management was seeing if it could cut spending to maintain growth in net income even if revenues for year ending next March turned out lower than expected, he added.

"We do, however, believe that our strategies for revenues growth are correct, and, at this time, we continue to be optimistic about the year as a whole," he added.

The company said it would report its results for the quarter ending in June on July 24. It said it would have no further comment until then.

"This is an utter and complete surprise," said Mr Terrence Quinn, an analyst with Kidder Peabody. "There was no indication we could find from the company, its clients or the industry that revenues were falling. While results were less than stellar in recent quarters, we had been seeing some progress and as a result the stock price had been rising."

From annual revenues of $18.5m in fiscal 1980, the company had grown through a breathless pace of acquisitions to revenues of $1.3bn in the fiscal year ended this March. Its net profits rose from $1.4m to $157.8m over the same period.

Analysts had been forecasting revenues for the first quarter ended June of about $315m against $303.2m a year earlier, and earnings per share of about 15 cents against 6 cents. They had been forecasting revenue growth of about 20 per cent in the current fiscal year.

Dozens of acquisitions have left Computer Associates with an unwieldy product range of more than 200 – sometimes incompatible – programs.

In April it unveiled a plan to unify the programmes. Called CA90s, it is billed as a new architecture which will allow many of CA's software programmes to run on different hardware systems. It will allow users, for example, to change to different hardware while maintaining their existing software.

CA90s has been well received by customers. But explaining it to them in recent months might have led to "a diffusion of effort away from generating sales," Mr Quinn said.

Along the acquisition trail, Computer Associates gained the reputation of buying up companies, typically through stock swaps, then rapidly cutting the target's staff and overheads. This usually left Computer Associates with new products to sell through its existing sales forces. But its last takeover, of Cullinet for $333m, was a year ago.

Enimont says no talks over EVC sale

By Peter Marsh in London

IMPERIAL Chemical Industries of Britain and Enimont of Italy denied yesterday that they were in talks about a possible sale of European Vinyls (EVC), their jointly owned plastics business, with Occidental Petroleum of the US.

Mr Roger Hirl, president of Occidental's chemicals division, said yesterday that Occidental had expressed an interest in acquiring the business but that neither ICI nor Enimont had indicated a willingness to sell.

None of the groups involved has indicated a possible price. Analysts believe that, should ICI and Enimont decide they are interested in listening to serious offers, the sale of EVC might fetch about $1.80bn.

EVC, with estimated sales last year of £900m, was set up in 1986 and is Europe's biggest maker of polyvinyl chloride, a widely used plastic. It runs 12 factories throughout Europe and employs about 4,000 people.

The company is regarded as well-managed and is reasonably profitable. In 1988, the last year for which EVC published figures, the company showed an operating profit of more than £100m.

Many in the chemicals industry believe, however, that some change in its ownership is likely within the next 12 months.

Enimont, a joint venture between Mr Raul Gardini's Montedison group and Italy's state-owned Eni industrial holding company, is restructuring. Mr Sergio Cragnotti, the Gardini-nominated managing director, is believed to want Enimont to move out of some commodity areas such as PVC.

Background, Page 27

Budapest stock exchange: 38 companies are listed for the first round of privatisation in Hungary

Paul O'Driscoll

Hungary lists 38 companies for sale

By Nicholas Denton in Budapest

HUNGARIAN privatisation took concrete shape yesterday when a newspaper published a leaked list of 38 companies destined for the first wave of asset sales.

Government officials said that they were not bound by the plan drawn up by the State Property Agency (SPA), the body at the centre of privatisation. However, it is expected that the government will adopt it with few changes.

The state owned enterprises included are those with a good potential for profit, where transformation into the format of joint stock companies is under way and where the sale is welcomed by the management.

The 38 had turnover last year of 140bn forints ($2.15bn) on which they made profits of 6bn forints ($90m). The SPA plans to start with the privatisation of five or six "flagships" over the next half year.

Wholesale and distribution, hotel, textile manufacturing, and chemicals and pharmaceuticals companies dominate the list.

It includes several big names. TVK, which produces chemicals is the fourth largest company in Hungary according to turnover. Negotiations with Occidental Petroleum have been reported.

Two of Hungary's three large hotel chains will be on the block: Hungarhotels and Pannonia. Half ownership of Hungarhotels was sold to Quintus, a Swedish-Dutch group, for 5.7bn forints ($90m) earlier this year but the authorities reversed the deal, complaining that the price was too low. The current intention is to split the chain before privatisation.

Ibusz, the national travel agency, is on the list: a signal that the state may sell its two-thirds share which remains after last month's partial privatisation and flotation on the Vienna and the Budapest stock exchanges.

Others mentioned include Ganz Electrical Works, and the Chinoin and Kobanyai pharmaceuticals companies.

The privatisation process has become the centre of political controversy. Last week a parliamentary committee attacked the way Ibusz was floated. Members of the Hungarian Democratic Forum, the dominant party in the Government, condemned the decision to float Ibusz on the Vienna exchange, and the underpricing of the issue, which resulted in a tripling of the share price when trading began.

BAA in Canadian plan to win N American contracts

By Bernard Simon in Toronto

BAA, the British airports operator, has joined forces with several prominent Canadian investors to bid for the redevelopment of a number of North American airports, starting with Toronto's Pearson International.

The joint venture, known as Canadian Airports Ltd (Canair), unveiled a proposal yesterday for a C$750m to C$1bn (US$647m to US$862m) modernisation of the two existing terminals at Pearson, and said it plans to submit similar proposals for three unidentified US airports. Canair may also play a role in BAA's current efforts to redevelop Budapest airport in Hungary.

BAA, which has a record of strong profits growth since it was privatised in 1987, believes that its experience in running profitable airport and accompanying retail facilities in the UK will prove attractive to many governments anxious to meet a rapid growth in airport traffic, without making demands on the public purse.

The British company has a 25 per cent shareholding in Canair, but its expertise is a key element in the consortium's sales pitch. Mr Chris Barlow, Canair's president, is a BAA executive who led the recent redevelopment of Terminal Three at Heathrow.

BAA was originally due to have a considerably larger equity stake in Canair, but its holding was reduced to make the consortium's bid more politically acceptable to the Canadian Government.

BAA's partners include Toronto-Dominion Bank, Canada's fifth-biggest bank; the Ontario public service pension fund; Ellis-Don, a leading Canadian construction company; and a Toronto real estate developer, Cogan. The consortium's chairman is Mr Alan Marchment, a prominent Toronto businessman. The federal department of transport is expected to call for tenders within the next few months for the redevelopment of Terminals 1 and 2 at Pearson. Two other Canadian groups, each headed by a large real estate developer, have also indicated a serious interest in submitting proposals.

Toronto is the world's 25th busiest airport, handling 21m passengers last year. The Canair proposal, together with a third terminal now under construction, would lift capacity to about 40m by 2010. The existing terminals would be virtually rebuilt, with a heavy emphasis on shopping areas and restaurants. Mr Barlow said yesterday that construction would take four years.

Hawker sees losses of over £25m on power station contracting side

By Charles Leadbeater, Industrial Editor

HAWKER SIDDELEY, the diversified engineering group, yesterday joined the growing band of manufacturing companies to issue a profit warning for 1990.

Although Hawker Siddeley's difficulties are mainly due to cost overruns on power station construction projects in the US, the warning will fuel concern that profits in the manufacturing industry will be squeezed this year, forcing companies to cut costs by curtailing investment and shedding labour.

Hawker Siddeley's announcement of expected losses of between £25m ($45m) and £30m in its power station contracting division wiped 10 per cent off the company's shares, which closed down 62p at 548p..

Three months ago, analysts had been expecting the company, which makes a range of products from electric motors and batteries to railway and sheep shearing equipment, would turn in pre-tax profits of about £220m this year. Instead, they now estimate pre-tax profits will fall to between £180m and £190m this year from £202m for 1989.

Hawker Siddeley joins other engineering groups such as GKN, the automotive components manufacturer, STC the telecommunications and computers group and IMI, the metals group, in issuing a profits warning.

These warnings of tougher trading conditions, particularly in sectors linked to the automotive and construction equipment industries, suggest that higher interest rates are gradually slowing growth in parts of manufacturing after hitting hard at the retail, construction and consumer goods industries. Other engineering groups, such as Siebe and the Howden Group, have not issued profit warnings.

Dr Alan Watkins, Hawker Siddeley's chief executive, said the company had run into significant cost overruns on several of its eight US contracts. Also, the uncertainty generated by the Government's plans for electricity privatisation had delayed two out of three potential UK orders.

The results from the contracting division, which made a £6m loss last year despite a near doubling of turnover to £192m, may lead Hawker Siddeley to sell the business.

A strategic review of all parts of the group's activities is due to be completed by October.

Lex, Page 18

Exchanges to review FT-SE index

By Deborah Hargreaves in London

THE LONDON International Stock Exchange and the London International Financial Futures Exchange (Liffe) have set up a working party to review the calculation of the FT-SE 100 stock index after market volatility two weeks ago.

This follows an investigation by the Stock Exchange into the confused market conditions on June 29 when the FT-SE value was being set for pricing futures and options contracts. The Stock Exchange has concluded that prices used to calculate the index were consistent with market activity and that no recalculation is necessary.

The Stock Exchange's inquiry was prompted by allegations that some securities houses were manipulating stock prices in an attempt to affect the value of their futures positions amid the extreme stock market volatility on June 29.

This led Liffe to accept the index value only on a provisional basis pending the exchange inquiry and for the clearing house to hold £100 per contract in case the settlement price needed to be changed. Although the investigation has found no evidence of price manipulation, the exchanges say they are still concerned about the impact of the events that took place. There have been calls from many market participants for changes in the way the FT-SE is calculated.

There are two main ways in which the Stock Exchange could alter the way it works out the index.

It could extend the period over which it takes prices to calculate the index – currently 10 minutes – or it could base index prices on business transacted rather than posted prices.

Most important indices overseas, such as the Standard & Poor's 500 in the US, base their prices on deals done rather than prices shown by marketmakers.

The three-person working group set up by the exchanges will also look at equity market rules as well as the terms of futures and options contracts. The group will look at any changes that need to be made in order to reduce the potential for price volatility and market confusion around the periods of expiry of futures and options contracts.

A similar situation on the US markets was ironed out four years ago when the expiration time for futures and options was moved to the opening of the day's business from the close.

This left all day for order imbalances on the stock market to be sorted out.

● From this morning Wiggins Teape Appleton will replace Globe Investment Trust as a constituent of the FT-SE 100.

Gallimard family ready to cede control to end feud

By William Dawkins in Paris

THE LINGERING family row at Gallimard, France's largest independent publisher, looked set to end yesterday, with share sales agreements that will pass majority control of the group into non-family hands.

Mlle Françoise Gallimard, one of the founder's four grandchildren, has agreed to sell her 12.5 per cent stake in the family company to Banque Nationale de Paris, the state-owned bank, while her brother Christian selling his 11.8 per cent stake to BNP.

This follows their younger sister Isabelle's decision three months ago to sell her 12.5 per cent stake to BNP, which will now end with 36.8 per cent of Gallimard. Adding other outside shareholders, the agreements mean that 54.3 per cent of Gallimard's equity has now passed out of the family's hands.

The feud was between Christian, now a publisher in Switzerland, and his younger brother Antoine, currently managing director of Gallimard. They had fought for control since their father sacked Christian as managing director and put Antoine in his place.

No price was disclosed for the sale of Françoise's shares, though Henry Ansbacher, the investment bank which arranged the deal, said the price was on the basis of its own valuation of FFr1.82bn ($330m) for the group. That implies a value of FFr228.5m for 12.5 per cent of Gallimard.

Gallimard has one of France's most prestigious lists of authors and annual sales of FFr950m.

● A small shareholder in Banque Nagelmackers 1747, Belgium's oldest bank, is to seek the suspension of a friendly bid by BNP.

Carlinvest, an investment company which owns 1 per cent of Nagelmackers, will apply to a court in Brussels today for a suspension of the bid, on the grounds that it was given misleading information.

Banque Nagelmackers agreed in April to sell BNP its banking activities and to spin off its property and investment interests into a separate company. But BNP offered to buy both parts of the Belgian bank a month later, after shareholders had agreed the earlier offer.

Sun Life raises £67.5m in rights

By David Barchard

SUN LIFE Assurance yesterday announced a £67.5m ($121m) rights issue to finance development. Mr Peter Grant, chairman, described the issue as a sensible move aimed at long-term development. But he declined to give details of how the money would be used.

"We haven't any specific plans at this time. We thought that we should raise a reasonable sum for opportunities as they become available," he said.

The shares will be offered on a one-for-seven basis at a deeply discounted price of 800p, well below Wednesday's closing price of 1310p.

Sun Life is the 12th largest UK life assurance company by premium income and last year made after-tax profits of £28.3m.

In the City, where Sun Life's shareholder funds of £17.8m have long been regarded as rather slender, the move came as little surprise but the company's share price eased slightly to close at 1283p, down 27p on the day.

Mr Grant said the money would probably not be used immediately. In the longer term it might go on internal development and on financing new operations in Europe.

Sun Life is also considering creating a relationship with a building society along the lines of the developing connection between Eagle Star and Bristol & West.

"Like everybody else we have been talking to a number of building societies but we have not reached a particular arrangement with anyone." Mr Grant said.

Rank warns of economic pressure

By Clare Pearson in London

THE Rank Organisation UK leisure group yesterday announced pre-tax profits for the 28 weeks ended May 12 which were well up with analysts' expectations.

But the shares still shed 48p to 789p as the market focused on a cautious statement on the trading outlook from Mr Michael Gifford, chief executive.

The company – poised to acquire fellow UK leisure company Mecca, assuming its £540m bid is approved by the UK regulatory authorities – unveiled pre-tax profits 24 per cent higher than last time's £111m at £137.6m ($248m).

Mr Gifford said: "In the short term it remains unlikely that The Rank Organisation's prospects can be entirely unaffected by current economic pressures in the UK and US, with their consequent adverse influences on consumer markets and corporate costs."

This depressed the market even though Mr Gifford added he expected Rank to make "further progress" this year.

A one-for-four rights issue held back earnings per share for the first half. These went up from 30.4p to 34.2p. The interim dividend is set at 10.25p against 9.2p.

● A. Kershaw and Sons, Rank's separately quoted subsidiary which owns about 10 per cent of the group's 49 per cent share of Rank Xerox, lifted investment income to £3.29m from £2.89m. An interim dividend of 9p against 8p is proposed.

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NEWS IN BRIEF

Components maker in rights issue

KOLBENSCHMIDT, the West German vehicle parts maker, plans a two-for-11 rights issue at an offering price of DM240 a share, Agencies report. The 51 per cent-owned affiliate of metals, chemicals and trading group Metallgesellschaft will raise about DM118.1m ($72m) if all the rights are exercised.

Proceeds will be used to help finance construction of a new foundry, increase Kolbenschmidt's product range and broaden its geographic spread into eastern Europe, especially East Germany.

● Veba, the diversified West German energy group, said that group net profit in the first half of 1990 would be around the level achieved in the same period last year, or DM443m ($269m).

Veba said it had increased its planned investments for the next five years to DM30bn from DM24bn to enable the group to expand into East Germany.

● Saint-Gobain, the French glass group, said it expected to provide $770m from general corporate funds to finance its $1.9bn tender offer for Norton, the US abrasives concern, instead of the $400m previously reported.

In a filing with the US Securities and Exchange Commission, Saint-Gobain also said that a subsidiary, CertainTeed, would borrow $230m for the deal instead of $600m.

● DSM, the Dutch chemical group, said it had postponed plans to sell off its 56 per cent stake in retailer Macintosh. The statement coincided with an announcement by Macintosh that it had broken off talks with investment group HAL Holding on a friendly bid for Macintosh by HAL.

● Grundig, the German consumer electronics group, lifted 1989/90 group net profit to DM147m ($89m) from DM140m. Group sales rose to DM3.8bn from DM3.4bn.

Sales in the first quarter of 1990/91 increased by 46 per cent from a year earlier, mostly due to television purchases connected to the football World Cup.

Big fat Giant makes plans to slim

Katharine Campbell on the new chief's aims for German bank BfG

Bank für Gemeinwirtschaft, the big German bank which has long had a reputation as an unwieldy and costly mammoth, is trying to lose weight rapidly – to become, in the words of Mr Paul Wieandt, its new chief executive, "a quite normal national bank."

That may sound an unremarkable objective for West Germany's sixth largest bank (among those operating countrywide). But it is no mean task for Mr Wieandt, who arrived on the 34th floor of the Frankfurt skyscraper in March, after six years and a successful clean-up operation at Landesbank Rheinland Pfalz, the Mainz-based state bank.

He says only that he is attracted by the scope of the challenge and the prospect of a national rather than a regional bank to manage. Unflamboyant, but earnest and convincing, he will need all his powers of persuasion as he struggles to implement the bank's recently unveiled resuscitation strategy – alleged to include shedding more than a third of the staff.

BfG is in trouble – even more so than in previous years.

The bank has always been overstaffed and has a separate union pay agreement long held to be more generous than the common rate at other German banks.

Mr Wieandt, who may not for long be able to claim to be "no expert" on pay negotiations, will not be drawn on exact comparisons.

The German concept of Gemeinwirtschaft, or social economy, was compromised in the course of the scandal of Neue Heimat, the property group which collapsed with debts in excess of DM12bn in the mid-1980s. BfG, as the trades union house bank, was closely involved, and the unions' subsequent lack of funds necessitated the sale of 50 per cent of the bank to Aachener und Münchener Beteiligung (AMB), the big West German insurer.

The problems did not stop there. AMB, which paid DM1.9bn ($1.16bn) for its stake in 1987, may feel that the price was a touch steep for what was at the time seen mainly as an additional outlet for insurance products.

Since then, there have been other, largely unforeseen, disasters. BfG has played a prominent and costly role in the rescue of Co op, the retailer that nearly went bankrupt last year.

Only exceptional income from the sale of its Frankfurt skyscraper kept BfG's results in the black for 1989, when the country's three largest banks reported double digit profits growth.

High provisions and a nearly 15 per cent drop in net interest income were to blame.

Mr Wieandt says the earnings position has worsened since then.

Drastic action was clearly necessary. BfG has already had to call on its two shareholders, AMB and the union holding company BGAG, for a DM1bn capital increase by the end of 1990.

AMB, whose underperforming share price reflects the market's concern over a steady stream of bad news from BfG, had to resort to a premium rights issue as an indirect way of soliciting most of the required funds from the Italian group Fondiaria. There is talk that AMB might want to find a taker for part of its BfG stake.

Angry union sources last week leaked details of the new strategy allegedly containing plans to sack 2,700 of the 7,340 employees and close 60 of 240 branches. Mr Wieandt "will neither confirm nor deny" these reports. He says a consensus must be formed, and indirectly hints at the magnitude of this task – tough in any German company, let alone an ex-union bank with a supervisory board peppered with leading trade unionists.

'The union connection is extremely interesting. Our strategy is not designed as a statement denying our heritage'

In a vague profits outlook, he says: "Our first goal is a pre-tax profit return on declared equity of 15 per cent, or DM150m in 1993 or 1994 – the timing largely depends on when we can achieve a consensus for the general concept."

Mr Wieandt is reckoning with associated costs of more than DM100m, though he hastens to add that not all these will be incurred in redundancy payments.

The cuts come in the context of a sweeping rationalisation of the bank's business. BfG will keep a countrywide presence, in West and East Germany, but it will reorganise the branch network, from board level down, into four distinct product lines. However, not all branches will be active in all four areas.

One section will specialise in private customers with a monthly net income of DM2,500-DM5,000, neatly overlapping with AMB's clientele, with the aim of increasing the bank/insurance cross fertilisation.

Another will target small to medium-sized companies, with yearly turnover between DM5m and DM250m. Mr Wieandt says that the bank has plenty to do in maximising existing relationships, before seeking others.

A third area will cater to institutional investors – where union and union-related clients will remain strong.

Finally, BfG will build on its real estate financing and related services capability, and has hired a specialist from Deutsche Bank, Mr Hans-Jörg Vetter, to head that side.

Internationally, the bank only has investment resources to build long established East-West ties, says Mr Wieandt. Western Europe can be covered by co-operation – notably BfG's French and Spanish ventures.

He strongly hints that he will close the New York and Hong Kong operations, keeping a profitable subsidiary in Switzerland, and a London branch and Luxembourg subsidiary for funding purposes.

Asked about the troublesome union connection, he says: "Most private customers already choose the bank quite independently of ideological factors," – though the concessions given to union members for most services must play a role.

"The union connection is economically extremely interesting. Our strategy is not designed as a statement denying our heritage."

Rémy & Associés unveils 43% advance

By William Dawkins in Paris

REMY & ASSOCIES, the distribution and diversification arm of Rémy Martin, the French cognac house which merged with Cointreau last year, yesterday unveiled a 43 per cent rise in net profits for the 12 months to the end of March.

Net profits rose jumped from FFr110m ($19.3m) to FFr158m, while operating profits doubled from FFr173m to FFr353m.

Rémy & Associés' sales rose by 25 per cent from FFr3.4bn to FFr4.3bn, including the first contribution from the Piper Heidsieck champagne business, one of France's last family-owned champagne houses bought by Rémy a year earlier.

Adjusting for Piper Heidsieck's contribution, the underlying sales growth was 17.5 per cent, said the group.

Cognac sales rose by 26 per cent, giving the Rémy Martin brand 16 per cent of the world market, while champagne sales climbed by 44 per cent, reflecting the benefits of a marketing relaunch of the Charles Heidsieck label.

Cognac accounted for 44 per cent of group sales last year, followed by champagne with 19 per cent.

The rest was spread across group-owned wines and spirits like Galliano liqueur and Mount Gay rum, plus the distribution of non-group beverages like the Famous Grouse and Macallan whiskies.

Argentina faces dilemma over Aerolineas tender

By Garry Mead in Buenos Aires

THE Argentine Government is today due to announce its decision concerning the privatisation of 85 per cent of the state-run airline Aerolineas Argentinas.

Although only one consortium, led by the Spanish airline Iberia, presented a bid by the closing date last week, the process has become muddied by the late reappearance of Citibank on the scene, as well as rapid legal action being taken against the sale by Argentine politicians.

Mr Richard Handley, head of Citibank in Argentina, said on Wednesday that if the Argentine Government decided to hold a new international tender for Aerolineas, then Citibank "would seriously look at the possibility" of presenting a bid.

Citibank had been working in conjunction with Alitalia, but the Italian airline decided to pull out at the last moment.

Citibank has been aggressively involved in all stages of President Carlos Menem's privatisation programme, from offering controversial plans to privatise Argentine railways to taking a 57 per cent share in the southern region of the newly divided telecommunications company ENTel.

At the same time a group of dissident Peronist legislators have succeeded in persuading a magistrate to investigate Iberia's bid, on the grounds that it may violate anti-monopoly laws. Such legislation in Argentina is widely ignored, and is being invoked primarily for political reasons in this case.

The basis of the case is that while Iberia would hold 20 per cent of the privatised 85 per cent of Aerolineas, Iberia's main Argentine partner is Cielos del Sur, which controls the main domestic carrier, Austral. Those opposing Iberia's bid argue that its takeover would, through its partnership with Austral, effectively create a monopoly in Argentine domestic routes.

Mr Roberto Dromi, who as minister of Public Works bears overall responsibility for the privatisation programme, faces a difficult dilemma. A long-standing personal feud persists between him and Mr Enrique Pescarmona, one of the heads of Austral. To award the bid to the Iberian group thus requires Mr Dromi to swallow personal pride.

His other alternative, to declare the whole tender invalid, risks not only further destabilisation of the privatisation schedule, but also an implicit admission that, as four other leading international airlines – American, KLM, Varig and Alitalia – dropped out, the tender was mishandled from the start.

■ Joseph Mann in Caracas writes, CVG, the Venezuelan Government's heavy industry conglomerate, has signed a letter of intent with an Italian company and two Venezuelan groups covering the construction of a US$180m plant for producing pre-reduced iron-ore briquettes.

Partners in this project, which is to be finalised by December 31 this year, are the CVG, Italy's Acciaierie e Ferriere Lombarde Falk, and two Venezuelan concerns, Sivensa, an important steelmaker, and Valivenca, a financial entity.

The plant will be designed to produce up to 1m tonnes per year of briquettes for export and the partners hope to begin construction work early next year. The facility will be located in Venezuela's heavy industry centre at Ciudad Guayana, and will use iron-ore and electric power provided by CBG subsidiaries.

Canada's foreign banks climb 21%

By Bernard Simon in Toronto

THE 56 foreign-owned banks operating in Canada lifted their combined profits by 21 per cent in the six months to April 30, but with a wide divergence in performance among individual banks and with much poorer returns on average than the big domestic banks.

According to the Canadian Bankers Association, the foreign banks' combined profit before extraordinary items in the six months was C$148.7m (US$128.3m), up from C$123.3m in 1989.

The foreign banks earned a combined return on assets of 0.58 per cent and a return on equity of 8.6 per cent.

By contrast, the domestic banks, which have the advantage of a large pool of stable retail deposits, earned 0.79 per cent on assets and 14.7 per cent on equity.

Foreign banks have been allowed to operate in Canada since 1980.

With the notable exceptions of Citibank and Hongkong Bank of Canada – a subsidiary of Hongkong & Shanghai Banking – the banks have avoided the retail market and concentrated on corporate business.

Increasingly stiff competition has made the market less attractive than it used to be, and several banks have either consolidated their operations in recent years or withdrawn entirely.

Earlier this year, Britain's Lloyds Bank sold its Canadian subsidiary to Hongkong Bank.

HBC now has assets of C$10.6bn, making it by far the biggest foreign-owned bank in the country. It is followed by Citibank (C$5.3bn) and Swiss Bank Corporation (C$2.8bn).

The highest return on assets in the six months to April 30 was posted by Standard Chartered Bank (3.55 per cent).

Equity makes a US come-back

Martin Dickson on a new trend in American takeover financing

Three sizeable British bids – in little more than a month – for US companies have highlighted a trend in US takeover financing: shares are making something of a come-back as a means of payment.

When Willis Faber, the insurance broker, bid for New York-based Corroon & Black at the start of June the offer consisted entirely of its ordinary shares.

And when Ratners, the jewellery business, launched a bid for Kay Jewelers last week it offered shareholders an issue of new convertible preferred stock.

Siebe, the engineering group, made an all-cash offer for loss-making Foxboro, a process controls supplier, in late June. But the bank borrowings it will take on to provide the money will push its gearing to over 100 per cent. The company therefore said it would consider floating some of the equity of Siebe Inc, its US business.

"Equity is going to play a larger role in bids in the 1990s," forecast one senior Wall Street financial advisor. "There is a lot of interest out there in deals with equity – provided the bidder's story is good enough."

The trend should not be exaggerated. Cash will continue to be king in the US takeover market, and commercial banks are still keen to lend it to the right buyers to consummate deals.

This was underlined in the Siebe bid where Bankers Trust led a $1bn loan facility, with Chemical Bank of the US and National Westminster and Lloyds of the UK also taking part.

"The commercial banks may be shying away from financier buyers but they are still very aggressive when it comes to corporation-to-corporation deals," said one investment banker. "They will very readily step up to the (baseball) plate."

But equity is likely to play a stronger subsidiary role – in marked contrast to the takeover boom of the late 1980s, when junk, or high-yield, bonds dominated the bid arena.

THE ROLE OF SHARES IN US BIDS

Year	Total value of bids ($bn)	Value of shares in bids ($bn)	% of shares in bids
1984	101.9	7.2	7
1985	133.7	17.7	13.2
1986	220.4	27.1	12.3
1987	195	20.9	10.7
1988	263.9	23.4	8.8
1989	254.4	38.6	15.2
First half 1990*	93.6	12	12.8

*Total transactions announced.
Source: IDD

In a typical late 1980s American bid, a predator would make an offer of cash, or cash and debt securities. It would finance this through a mixture of bank debt and a bridging loan from an investment bank – a line of credit that would then be refinanced through the issue of junk bonds.

But the collapse of the junk bond market last year has closed that avenue of financing, at least for now, and the commercial banks, which face mounting problems with loans they extended to highly borrowed bidders in the 1980s, are now much more concerned about the relative levels of debt and equity in companies to which they lend.

Equity has not been the dominant form of takeover payment in the US since the late 1960s, when US investors developed a taste for cash. This appetite was accentuated in the 1980s by the rise of the Wall Street arbitrageurs, who took large positions in the shares of companies facing bids, in the hope of taking a quick cash profit if the deal was consummated.

Figures from IDD Information Services, a statistical database company, show that in the second half of the 1980s common and preferred stock only provided around 12 per cent of bid financing, although over the past 18 months the figure seems to have been rising slightly. In 1989 the figure rose to 15.2 per cent, while in the first half of this year it was 12.3 per cent.

Circumstances where equity can play a significant role include:

● When two companies can argue that there is a strong commercial logic to a merger between them, and there is no obvious predator likely to launch a rival cash offer. This is the case in the Willis Faber deal. However, three biggest recent US examples of share-swap deals occured last year: between media groups Time and Warner and drugs companies Bristol-Myers and Squibb and Beecham of the UK and SmithKline Beckman.

The disappearance of financial bidders – more interested in breaking companies up than running them – after the collapse of the junk bond market should open the way for more of these deals.

"People are saying more and more, does this deal make good business sense," said one banker.

"And since there's not so much money out there, with fewer people playing fast and loose, there is more time to structure deals elegantly."

● When paper is better than no bid. This is the situation in the Ratners offer. Kay Jewelers is a very troubled company which some analysts felt could have been heading towards a filing under Chapter 11 of the US bankruptcy code before the British company stepped in. Mr Gilbert Harrison, head of Financo, a New York investment banking boutique which was co-adviser to Ratners, said: "It is better for investors to have a stake in a liquid Ratners than an illiquid Kay."

But while Kay's equity holders may be happy at the British company's largesse, Ratners faces a revolt among the owners of Kay's bonds, who are only being offered 75 cents on the dollar, even though they have first legal claim on the company's assets.

● In the sale of privately owned businesses, where the vendor may be more willing than shareholders in a public company to take stock. This was the case in a recent food sector sale – that of Beatrice for $1.34bn to ConAgra.

The seller, buy-out specialist Kohlberg Kravis Roberts, had been trying to dispose of Beatrice for a very long time. ConAgra was neither willing nor able to pay all cash. It ended up paying some $626m in cash, $355m in common stock and $355m in preferred stock, mostly convertible.

● In management buy-outs. Banks are demanding higher proportions of equity relative to debt in buy-outs, which in the 1980s would commonly be as high as 1:10. For example, commercial banks weighing up whether to lend to the current $4.4bn bid by United Airlines employees for their company are insisting that the union team find some outside equity investors.

When BAT, the British conglomerate, auctioned off its US retailing operations, managements' attempts to buy the businesses failed in part because of the limited amount of equity they could put up.

● Special circumstances. When American International Group, the insurance group, recently bid $1.3bn for International Lease Finance, the offer consisted of cash, with a cash-and-shares alternative worth somewhat less and subject to a maximum number of shares.

But Mr Edward Matthews, chief financial officer at AIG, said that in this case the company was not keen to issue shares – it felt its stock price was undervalued. It was doing so just to allow ILF's controlling investors to avoid crystalising the large tax liability that would be involved in accepting cash.

Fannie Mae posts record net income of $289m

By Janet Bush in New York

THE Federal National Mortgage Association, known as Fannie Mae, yesterday reported net income of $289.6m in the second quarter compared with $193.0m a year ago.

This is the tenth consecutive quarter of record earnings. Fannie Mae is a public company chartered by Congress to provide funds to mortgage lenders, buying mortgages from banks and savings institutions, packaging them into securities and selling them to investors. It also keeps mortgages as part of an investment portfolio.

Mr David Maxwell, chairman and chief executive officer, said the second-quarter performance reflected continued strength in the company's portfolio and its mortgage-backed securities business.

Earnings per share were $1.10 fully diluted compared with 75 cents a share a year ago, a rise of 47 per cent.

In the first six months of this year, Fannie Mae has earned a net $566.2m of $2.15 a share compared with $358.2m or $1.39 a share for the same period in 1989.

CPC lifts earnings on higher sales

By Alan Friedman in New York

CPC International, one of the largest and most international US foods groups, achieved a 14 per cent rise in net profits for the second quarter of 1990, to $95m.

The earnings improvement, struck on 15.7 per cent higher sales of $1.45bn, was in line with first-quarter growth. Second-quarter earnings per share of $1.23 were 16 per cent higher than the $1.06 recorded in the same period of 1989.

Mr James Eiszner, chairman of CPC, said that economic reforms in Brazil and Argentina began to affect the company's business negatively toward the end of the second quarter, but he forecast strong earnings progress for the whole of 1990.

Wall Street, clearly heartened by the results, marked CPC's share price 1⅛ points up yesterday morning, to $84⅛.

The New Jersey-based CPC is one of the world's largest corn refiners, with operations in North and South America. It has operations in 47 countries and derives some 80 per cent of total revenues from consumer foods businesses.

President of Cray submits resignation

By Louise Kehoe in San Francisco

THE PRESIDENT of Cray Research, the leading supercomputer manufacturer, resigned yesterday in what the company insists was "not an acrimonious split" between the company's top two executives.

Mr Marcelo Gumucio submitted his resignation as president and chief operating officer and member of the board, effective immediately, Cray said.

"The directions, priorities and objectives of the company stay the same," the company said.

The sudden resignation of the company president was brought about by differing management styles between Mr Gumucio and Mr John Rollwagen, Cray's chairman and chief executive, the company said.

"John is intuitive and informal, while Marcelo has a more structured analytical style."

Mr Gumucio and Mr Rollwagen have worked together for eight years.

"We attempted to blend our distinct management styles effectively, but we were not successful in that effort. The decision to part is mutual and in the best overall interests of the organisation and the individuals involved," Mr Rollwagen said in a letter to Cray employees yesterday.

Cray said that for the foreseeable future, Mr Rollwagen would assume Mr Gumucio's responsibilities in addition to those of chief executive.

Mr Gumucio became president of Cray in November 1988. He joined the company in 1983 as executive vice president of marketing. He has played a key role in strengthening Cray's marketing according to industry observers.

Teledyne down sharply

TELEDYNE, the California conglomerate which recently spun off its finance and insurance subsidiaries, yesterday reported a sharp drop in second-quarter income on lower sales, writes Karen Zagor.

For the three months ended June 30, Teledyne recorded net earnings of $26.6m or 48 cents a share against $46.8m or 85 cents a year earlier. Sales fell to $882.1m from $907.7m.

For the fist half, Teledyne had net income of $84.9m or $1.53 a share on sales of $1.72bn against net earnings of $117.3m or $2.11 on sales of $1.77bn. The 1990 results include $25.6m of income from discontinued operations reported in the first quarter.

Europe's biggest PVC maker faces a flexible future

Peter Marsh reports on the possibility that ICI and Enimont may sell their joint plastics venture

The creation four years ago of European Vinyls (EVC), a £900m ($1.6bn) a year company which is one of Europe's biggest plastics makers, took a lot of ingenuity. It will take equally astute financial and corporate engineering to restructure the business in a way that suits EVC's joint owners.

The Brussels-based company is owned by Britain's Imperial Chemical Industries and Enimont of Italy, two of Europe's largest chemical groups. It is Europe's biggest producer of polyvinyl chloride (PVC), a widely used commodity plastic.

Although both ICI and Enimont denied yesterday that they were talking to outside companies about selling their stakes in EVC, many in the chemicals industry believe that some change in the ownership will take place within the next 12 months.

At the front of the queue of companies which might take either a partial or 100 per cent holding in EVC is Occidental Petroleum, the 10th biggest US chemicals company. Occidental, which is interested in building up its operations in Europe, is the US's biggest PVC producer.

Mr Roger Hirl, president of Occidental's chemicals division, has had a series of discussions about EVC with managers in both ICI and Enimont. These have not reached the point of negotiations about price and neither ICI nor Enimont have indicated they are ready to sell.

Occidental does not want to comment on a possible price but analysts believe EVC might be worth up to £1bn.

Mr Stuart Wamsley, publisher of Focus on Chemicals, a UK-based industry newsletter, said he thought a deal might make sense from the point of view of all the parties. "ICI would certainly listen to offers (for EVC). From its point of view, no part of its business is sacred," he said.

The selling of the ICI stake in EVC would fit the strategy of Sir Denys Henderson, ICI chairman. He is thought to be is keen to extract the company from some of its businesses in high-volume, low-price areas such as PVC.

EVC is regarded as a well-run business. In 1988, the last year for which EVC published figures, the company showed an operating profit of more than £100m.

But analysts believe earnings fell away steeply last year and that the business might have a hard time in the 1990s when demand for commodity plastics looks likely to falter from the high levels of the past two to three years.

Sergio Cragnotti (left) may want Enimont out of PVC and Sir Denys Henderson (right) thinks the same for ICI

As for Enimont – a joint venture between Mr Raul Gardini's Montedison group and Italy's state-owned Eni industrial holding company – the group is in the middle of its own restructuring. Mr Sergio Cragnotti, the Gardini-nominated managing director, is believed to want Enimont to move out of some commodity areas like PVC. But aspects of this strategy are meeting resistance from the Italian Government.

EVC was set up as the world chemical industry was struggling with a prolonged recession that came to an end around 1987. Its creation got ICI and Enimont, and much of the European PVC industry, out of a mess.

In the early to mid-1980s both ICI and Enimont – which at that time was controlled entirely by the Italian Government and had the name Enichem – were making PVC in amounts above the market demand. The same was true for other European producers, the biggest of which include Belgium's Solvay and Atochem of France.

The British and Italian companies agreed to pool their activities into a new company that would account for a fifth of the European PVC business.

As part of the accord, ICI and Enimont said they would cut their combined annual capacity from 1.3m tonnes to 1m tonnes, reducing the slackness in the market. The two companies have acted according to plan. The cutbacks have given a welcome boost to prices – and profits – in the PVC business generally.

The agreement needed the approval of the European Commission. Competition officials in Brussels have in recent years inquired into several cartels in the chemicals industry in which companies have combined to carve up markets or fix prices, particularly in the plastics business. They were alert to the idea that another market-sharing agreement might be on the cards.

Both ICI and Enimont had to convince the commission that they were serious in reducing their combined PVC capacities. They also said the deal would not distort the market. After much discussion, the commission sanctioned the venture – but only for a five-year period which comes to an end in mid-1991. EVC managers are now talking to Brussels about extending the approval, possibly for a 15 or 20-year period.

The involvement of the Commission is one of a number of factors which will complicate any restructuring deal concerning EVC. Any company interested in taking over either the whole of EVC or a part of it will need long-term approval from Brussels for the deal to make sense.

Another issue concerns the legal ownership of EVC's factories. At present EVC's 12 plants – in Britain, Italy, Switzerland and West Germany – all belong to ICI and Enimont. EVC runs them according to a leasing agreement.

EVC is in the process of buying the assets from the two owners. This should be complete by the end of the year – assuming all sides can agree on a price. No one is likely to want to take a stake in EVC until this transfer is agreed.

The final question concerns supply of chlorine and ethylene, two basic chemical materials which are the main ingredients for PVC. Mr Hirl is interested in buying from ICI and Enimont not only the EVC operations but some of the two companies' plants – which are outside the EVC structure – for making these materials.

Whether ICI and Enimont would go so far as to sell the US group such a large amount of their chemicals production capacity – even if they would be willing to listen to serious offers for EVC itself – is a question which should become clearer in the coming months.

Aztec and Noranda in Australian deals

By Bruce Jacques in Sydney

BIG international mining groups are attempting to increase their control of strategic Australian metals operations in two separate deals announced yesterday.

In the bigger transaction, Aztec Mining Company, an associate of the US-based Amax group, has launched a bid worth about A$120m (US$96m) for Nicron Resources, an emerging Sydney-based mining house.

Aztec yesterday laid out about A$22m to purchase a 19.9 per cent interest in Nicron and has foreshadowed an all-scrip offer for the balance of the company.

The offer will be pitched at four Aztec shares for each five Nicron shares. At yesterday's closing price of 90 cents for Aztec shares in Sydney, the bid is worth 72 cents for each Nicron share.

The bid pushed Nicron's share price up 6 cents to 70 cents in Sydney yesterday. It will require clearance from the Foreign Investment Review Board.

Aztec's main assets are a 62 per cent interest in the Bounty gold mine and 20 per cent of the Scuddles base metals mine, both in Western Australia. Nicron controls the Woodcutters silver-lead-zinc mine in the Northern Territory.

In another deal Noranda, the Canadian-based miner, has paid A$16.2m for an initial 50 per cent share in Perilya Mines, a promising West Australian gold explorer.

Noranda announced it would buy a further 20 per cent of Perilya whose shares, which were recently suspended, rose 26 cents to 41 cents yesterday.

Videotech to switch listing from Hong Kong stock exchange to US

VIDEO Technology Group (Videotech), a Hong Kong electronics manufacturer, is to withdraw its listing from the local bourse and seek a primary listing on stock exchanges in the US, Reuter reports from Hong Kong.

A Hong Kong stock exchange statement said Videotech would cancel its existing share capital and offer shareholders one new, US dollar-denominated share for each existing share. Shareholders who decline to accept the new shares could receive HK$2 cash plus a special dividend of 50 cents per share.

The cash offer represents a premium of 1 per cent over the stock's closing price of HK$2.475 per share on July 11.

The statement said directors of Videotech, who own about 39 per cent of the company's existing shares, will procure the new shares denominated in US dollars. The total cash payment will be about HK$682m (US$88m).

Videotech will pay the cash through a HK$200m financing facility from Peregrine Capital, a brokerage house. The shortfall will be covered by Peregrine placing new shares in Videotech at HK$2 per share.

The HK$200m facility will be secured by the majority shares of Central Point Software, a US subsidiary of Videotech.

Videotech, which is mainly an exporter to European and North American markets, said the move would help the company raise equity in the US as its name is better known in those markets, and was also in line with its plans to internationalise operations. The company would retain its headquarters in Hong Kong.

Peregrine has been appointed as financial adviser to Videotech and Anglo Chinese Corporate Finance is the adviser to small shareholders.

Videotech yesterday reported a 60 per cent drop in net profits to HK$74.9m in the year to March and is paying no final dividend.

It said the company would continue the existing business of producing and selling electronic products including educational games, personal computers, computer peripherals and software, telecommunication products and audio visual products.

NEWS IN BRIEF

Mitsubishi Cement in Guam deal

MITSUBISHI Mining & Cement of Japan is to buy Dillingham Construction Guam (DCG) of the US for an undisclosed price estimated in Tokyo at Y4bn ($26m), Our Financial Staff writes.

DCG, which has annual sales of $40m, is being bought from the California-based Dillingham Construction Overseas. The Mitsubishi group company already owns a US concrete supplier.

DCG has construction materials factories on the islands of Guam and Saipan, including four concrete plants. Future demand is expected to grow as the tourism industry there boosts construction of resort facilities.

■ HONG KONG securities watchdogs yesterday censured former officials of Paladin, an investment holding group, for failing to make a required general offer to Paladin shareholders, AP-DJ reports from Hong Kong.

The committee on takeovers and mergers is recommending that the local bourse and the New Zealand stock exchange take appropriate action against Mr Peter Francis, Mr Anthony van der Linden and Mr Serge Pun. It found in March that, along with New Zealand Equities and Mr Avon Carpenter, its former chairman, they acted in concert to consolidate control of Paladin. NZ Equities is now in receivership.

■ SHARES IN Hong Kong Toy Centre International, the latest local company to go public, surged 39 per cent to HK$1.71 from its offer price of HK$1.23 on its first day of trading yesterday, AP-DJ reports. Its offer of 25 per cent of its equity was 39 times oversubscribed.

■ KUMAGAI GUMI (Hong Kong), the local arm of the Japanese construction giant, said yesterday its after-tax profit for the half-year to March slid 41 per cent to HK$47m (US$6m), AP-DJ reports.

The interim dividend is 10 cents, down from 15 cents. Turnover grew slightly to HK$1.48bn from HK$1.43bn.

■ GOODMAN FIELDER Wattie, an Australasian food company, said it would become the Netherlands' largest flour miller with 35 per cent of the market by acquiring the Alkmaar mill from N. Timmerman, AP-DJ reports from Sydney.

Mr Barry Weir, chief executive of Meneba, Goodman's European unit, said the purchase enabled it to expand its service to the Dutch baking and food markets.

■ STATE-OWNED Thai Airways International lifted pretax profits to 4.14bn baht ($163m) in the six months to March from 3.54bn baht, Reuter reports from Bangkok.

Total income from flight, air cargo, ground handling, aircraft maintenance, limousine and food catering services rose to 23.6bn baht from 21.3bn baht.

Pre-tax profits at Malayan Cement double

MALAYAN CEMENT, gaining from a thriving construction industry, doubled its pre-tax profit in the six months to May 31 to reach M$29.6m (US$10.9m) from M$14.7m, AP-DJ reports from Kuala Lumpur.

Revenues increased 27.6 per cent to M$146.8m.

The business interests of Malayan Cement, a 59 per cent Malaysian subsidiary of the UK's Blue Circle Industries, are concentrated in making and marketing cement and allied building materials, although the group also contains agriculture and property subsidiaries. Malayan Cement is the largest producer of cement in the nation with an estimated 30 per cent share of the market.

After-tax earnings were M$20.2m, up from M$9.7m, or 9.3 cents a share against 4.5 cents. The interim dividend is 3.75 cents compared with 3 cents, and a special interim dividend of 20 cents a share was also scheduled.

Malaysia's construction business growth is predicted to outstrip all other sectors of the economy in 1990, expanding at about 14.5 per cent against an overall growth rate of some 8.3 per cent, according to government figures.

Correspondingly, demand for construction materials has soared this year, and analysts estimate short supplies of some key products will trigger a 10 per cent to 20 per cent rise in the price of many building materials, lifting manufacturers' profit margins.

FT LAW REPORTS

Antiques taxed for gains

SMITH (HM INSPECTOR OF TAXES) v SCHOFIELD
Chancery Division: Mr Justice Hoffmann: July 10 1990

CAPITAL gains tax on antiques bought before 1982 is computed first, by deducting a counter-inflationary indexation allowance in respect of the period after March 31 1982 from the whole gain between date of acquisition and date of disposal; and then, unless the taxpayer opts for an April 6 1965 valuation, by time-apportioning the adjusted gain on a straightline growth basis, so that any apportioned gain arising after April 6 1965 is chargeable to tax.

Mr Justice Hoffmann so held when allowing an appeal by the Crown from a special commissioner's computation of liability to capital gains tax incurred by Mrs Rosemary Beatrice Schofield.

HIS LORDSHIP said that in 1952 Mrs Schofield acquired a Chinese cabinet and a French mirror for £250. In 1987 she sold them for £15,800.

The issue was how her liability to capital gains tax should be computed.

The problem was caused by the interaction of two sets of rules designed to avoid unfairness.

The first was intended to prevent anyone from being taxed on gains which had already accrued before the tax came into force. Those provisions were now consolidated in Schedule 5 to the Capital Gains Tax Act 1979, headed "Assets held on April 6 1965".

The other set of rules, introduced in 1982, was intended to prevent people from having to pay tax on gains caused by inflation which existed only on paper. Those were contained in sections 86 and 87 of the Finance Act 1982, as amended.

In the case of assets other than quoted securities and land, paragraph 11(2) of Schedule 5 provided for apportionment of the gain between the periods before and beginning on April 6 1965. Only that part of the gain attributable to the latter period was to be a "chargeable gain".

For the purposes of apportionment it must be assumed that the gain accrued at a uniform rate from date of acquisition to date of disposal, that was to say, it was "straightline growth" apportionment.

If the taxpayer did not like the results, for example because most of the gain occurred before 1965, he could elect for a valuation on April 6 1965 instead. Mrs Schofield did not elect. Her gain was the £15,800 sale price less £250 acquisition costs and £1,462 sale expenses.

Under paragraph 11 of *Schedule 5 that gain would be* apportioned on a straightline basis between the periods before and after April 6 1965, and the latter would be the "chargeable gain".

Sections 86 and 87 of the 1982 Act as amended allowed the taxpayer to deduct an "indexation allowance", calculated by reference to the percentage of increase in the retail prices index between March 31 1982 and date of disposal. The "indexation allowance" was that percentage of the value of the asset on March 31 1982.

The effect was to tax gains in purely money terms up to March 1982, but in real (ie: inflation-adjusted) terms thereafter. A real post-1982 loss could be deducted from a pre-1982 money gain. More recent legislation, with which the court was not concerned, had eliminated the tax on pre-1982 gains altogether.

The question was the order in which one applied the Schedule 5 time-apportionment and the section 86 indexation allowance deduction.

The gain accrued to Mrs Schofield from 1952 to 1987. It must therefore be apportioned in accordance with paragraph 11 of Schedule 5. But from which figure must the indexation allowance be deducted? Was it the entire gain, leaving a (partially) inflation-adjusted gain which was then time-apportioned? Or did one time-apportion the unadjusted gain and then deduct the indexation allowance from the post-1965 element?

Section 86(4) said that the indexation allowance should be set against the "unindexed gain" so as to give the "gain" for the purposes of the 1979 Act. Section 86(2) defined the "unindexed gain" as the amount of the "gain" on disposal.

For Mrs Schofield it was said that the "unindexed gain" meant the gain computed *after* time-apportionment in accordance with paragraph 11.

The Crown said it meant the whole gain between date of acquisition and date of disposal.

It said indexation was deducted from that figure to give the "gain", not the "chargeable gain". To calculate chargeable gain the "gain" was then time-apportioned in accordance with paragraph 11.

The special commissioner *preferred Mrs Schofield's construction.*

For Mrs Schofield it was said that the purpose of section 86 as amended was to make all inflationary gains since March 31 1982 free of tax. The Crown said the legislation was intended to charge the taxpayer as if there had been no inflation since March 1982.

That might seem to be saying the same thing, but there was a subtle difference. For example, Mrs Schofield's formulation would not explain why real post-1982 losses could be set against pre-1982 money gains, but the Crown's formulation would.

More to the point, the effect of inflation since 1982 had not only had the obvious consequence of making consideration on disposal higher than it would otherwise have been. It also had the consequence, when there was a time apportionment, of increasing the deemed 1965 base cost.

For example, if the value of the asset increased between March 31 1982 and date of disposal by exactly the same percentage as the index, the indexation allowance would be equal to the whole gain over that period. But if at the same time one used the inflated gain for the purposes of straightline apportionment, the result would be to produce a base figure for April 6 1965 higher than it would have been if there had in fact been no gain after March 31 1982.

The taxpayer would be getting it both ways. He would be given an indexation allowance to put him in the same position as if there had been no inflation since 1982, but the 1965 base figure would be calculated on the footing that there had been.

The fair method, said the Crown, was to deduct the indexation allowance to arrive at an overall gain which was inflation-adjusted for the period after 1982, and then to apportion that gain between the periods before and after 1965.

If the 1965 value had in fact been higher than the figure produced by that calculation, the taxpayer would always be free to elect for a 1965 valuation.

The Crown produced figures, which were not challenged by Mrs Schofield, which demonstrated mathematically that on the assumption that the value of the asset after 1982 kept pace with inflation, any gain which had previously accrued would inevitably be eventually turned into a loss.

It pointed to the fact that section 86(4) defined the object of the calculation as being to discover the "gain" and not the "chargeable gain". Likewise the definition of the "unindexed gain" was the amount of the "gain" computed in accordance with Chapter II.

Furthermore, section 28, which very clearly distinguished between gain and chargeable gain, mentioned section 86 as one of the provisions in accordance with which the "gain" must be fed into the time apportionment calculation and not the figure which came out.

On the language of the statute that certainly seemed to be a tenable view.

The special commissioner thought the Crown's construction made no sense. He said it was unfair and capricious and "to a large extent retroactive", by which he meant that part of the indexation allowance was being set against pre-1965 gains.

But he did not have the advantage of the calculation which had been put before the court.

The Crown's construction produced consistency and avoided absurdities such as making a gain which accrued between 1965 and 1982 disappear despite the fact that there had been no subsequent fall in the inflation-adjusted value of the asset.

The Crown's construction was adopted. The appeal was allowed.

For Mrs Schofield: Stephen Allcock (Hewetson Beck & Shaw).

For the Crown: Nicholas Warren (Inland Revenue solicitor).

Rachel Davies
barrister

LEGAL NOTICES

KEENLEVEL LIMITED

NOTICE IS HEREBY GIVEN, pursuant to Section 48(2) of the Insolvency Act 1986, that a meeting of the unsecured creditors of the above named company will be held at:- St Andrew's House, 20 St Andrew Street, London EC4 on 25 July 1990 at 12.00 am for the purpose of having laid before it a copy of the report prepared by the administrative receivers under Section 48 of the said Act. The meeting may, if it thinks fit, establish a committee to exercise the functions conferred on creditors' committees by or under the Act.

Creditors are only entitled to vote if:-

(a) they have delivered to us at the address shown below, no later than noon on 24 July 1990, written details of the debts they claim to be due to them from the company, and the claim has been duly admitted under the provisions of Rule 3.11 of the Insolvency Rules 1986; and

(b) there has been lodged with us any proxy which the creditor intends to be used on his or her behalf.

Please note that the original proxy signed by or on behalf of the creditor must be lodged at the address mentioned, photocopies (including faxed copies) are not acceptable.

Date: 9 July 1990

C J HUGHES & J F POWELL
Joint Administrative Receivers
Cork Gully
Shelley House
3 Noble Street
London EC2V 7DQ

Note
Creditors may obtain a copy of the report, free of charge, on application to the administrative receivers at the address shown above.

THEME HOLDINGS LIMITED

NOTICE IS HEREBY GIVEN, pursuant to Section 48(2) of the Insolvency Act 1986, that a meeting of the unsecured creditors of the above named company will be held at:- St Andrew's House, 20 St Andrew Street, London EC4 on 25 July 1990 at 1.00 pm for the purpose of having laid before it a copy of the report prepared by the administrative receivers under Section 48 of the said Act. The meeting may, if it thinks fit, establish a committee to exercise the functions conferred on creditors' committees by or under the Act.

Creditors are only entitled to vote if:-

(a) they have delivered to us at the address shown below, no later than noon on 24 July 1990, written details of the debts they claim to be due to them from the company, and the claim has been duly admitted under the provisions of Rule 3.11 of the Insolvency Rules 1986; and

(b) there has been lodged with us any proxy which the creditor intends to be used on his or her behalf.

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Joint Administrative Receivers
Cork Gully
Shelley House
3 Noble Street
London EC2V 7DQ

Note
Creditors may obtain a copy of the report, free of charge, on application to the administrative receivers at the address shown above.

RAGDALE HALL LIMITED

NOTICE IS HEREBY GIVEN, pursuant to Section 48(2) of the Insolvency Act 1986, that a meeting of the unsecured creditors of the above named company will be held at:- St Andrew's House, 20 St Andrew Street, London EC4 on 25 July 1990 at 10.00 am for the purpose of having laid before it a copy of the report prepared by the administrative receivers under Section 48 of the said Act. The meeting may, if it thinks fit, establish a committee to exercise the functions conferred on creditors' committees by or under the Act.

Creditors are only entitled to vote if:-

(a) they have delivered to us at the address shown below, no later than noon on 24 July 1990, written details of the debts they claim to be due to them from the company, and the claim has been duly admitted under the provisions of Rule 3.11 of the Insolvency Rules 1986; and

(b) there has been lodged with us any proxy which the creditor intends to be used on his or her behalf.

Please note that the original proxy signed by or on behalf of the creditor must be lodged at the address mentioned, photocopies (including faxed copies) are not acceptable

Date: 9 July 1990

C J HUGHES & J F POWELL
Joint Administrative Receivers
Cork Gully
Shelley House
3 Noble Street
London EC2V 7DQ

Note
Creditors may obtain a copy of the report, free of charge, on application to the administrative receivers at the address shown above.

LINGFIELD PARK LIMITED

NOTICE IS HEREBY GIVEN, pursuant to Section 48(2) of the Insolvency Act 1986, that a meeting of the unsecured creditors of the above named company will be held at:- St Andrew's House, 20 St Andrew Street, London EC4 on 25 July 1990 at 12.00 am for the purpose of having laid before it a copy of the report prepared by the administrative receivers under Section 48 of the said Act. The meeting may, if it thinks fit, establish a committee to exercise the functions conferred on creditors' committees by or under the Act.

Creditors are only entitled to vote if:-

(a) they have delivered to us at the address shown below, no later than noon on 24 July 1990, written details of the debts they claim to be due to them from the company, and the claim has been duly admitted under the provisions of Rule 3.11 of the Insolvency Rules 1986; and

(b) there has been lodged with us any proxy which the creditor intends to be used on his or her behalf.

Please note that the original proxy signed by or on behalf of the creditor must be lodged at the address mentioned, photocopies (including faxed copies) are not acceptable.

Date: 9 July 1990

C J HUGHES & J F POWELL
Joint Administrative Receivers
Cork Gully
Shelley House
3 Noble Street
London EC2V 7DQ

Note
Creditors may obtain a copy of the report, free of charge, on application to the administrative receivers at the address shown above.

RAGDALE HALL LIMITED

NOTICE IS HEREBY GIVEN, pursuant to Section 48(2) of the Insolvency Act 1986, that a meeting of the unsecured creditors of the above named company will be held at:- St Andrew's House, 20 St Andrew Street, London EC4 on 25 July 1990 at 2.00 am for the purpose of having laid before it a copy of the report prepared by the administrative receivers under Section 48 of the said Act. The meeting may, if it thinks fit, establish a committee to exercise the functions conferred on creditors' committees by or under the Act.

Creditors are only entitled to vote if:-

(a) they have delivered to us at the address shown below, no later than noon on 24 July 1990, written details of the debts they claim to be due to them from the company, and the claim has been duly admitted under the provisions of Rule 3.11 of the Insolvency Rules 1986; and

(b) there has been lodged with us any proxy which the creditor intends to be used on his or her behalf.

Please note that the original proxy signed by or on behalf of the creditor must be lodged at the address mentioned, photocopies (including faxed copies) are not acceptable.

Date: 9 July 1990

C J HUGHES & J F POWELL
Joint Administrative Receivers
Cork Gully
Shelley House
3 Noble Street
London EC2V 7DQ

Note
Creditors may obtain a copy of the report, free of charge, on application to the administrative receivers at the address shown above.

RAGDALE HEALTH CLUBS LIMITED

NOTICE IS HEREBY GIVEN, pursuant to Section 48(2) of the Insolvency Act 1986, that a meeting of the unsecured creditors of the above named company will be held at:- St Andrew's House, 20 St Andrew Street, London EC4 on 25 July 1990 at 11.00 am for the purpose of having laid before it a copy of the report prepared by the administrative receivers under Section 48 of the said Act. The meeting may, if it thinks fit, establish a committee to exercise the functions conferred on creditors' committees by or under the Act.

Creditors are only entitled to vote if:-

(a) they have delivered to us at the address shown below, no later than noon on 24 July 1990, written details of the debts they claim to be due to them from the company, and the claim has been duly admitted under the provisions of Rule 3.11 of the Insolvency Rules 1986; and

(b) there has been lodged with us any proxy which the creditor intends to be used on his or her behalf.

Please note that the original proxy signed by or on behalf of the creditor must be lodged at the address mentioned, photocopies (including faxed copies) are not acceptable.

Date: 9 July 1990

C J HUGHES & J F POWELL
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Cork Gully
Shelley House
3 Noble Street
London EC2V 7DQ

Note
Creditors may obtain a copy of the report, free of charge, on application to the administrative receivers at the address shown above.

COMPANY NOTICES

NOTICE TO THE HOLDERS OF EUROPEAN DEPOSITARY RECEIPTS (EDRS) IN: PIONEER ELECTRONIC CORPORATION

We are pleased to announce that copies of the English translation version of (i) the Notice of Resolutions at the 44th Ordinary General Meeting of Shareholders of Common Stock of the Company held on 28th June, 1990, and (ii) the 44th Business Report, prepared on a parent-alone basis, for the annual period ended 31st March, 1990, are now available to EDR Holders, upon application, to The Bank of Tokyo, Ltd., 20/24 Moorgate, London EC2R 6DH, and the Agent, The Bank of Tokyo (Luxembourg) S.A. Residence St. Esprit, 1-3 Rue du St. Esprit, 1475 Luxembourg.

Bank of Tokyo International Limited
(London Depositary)
13th July 1990

ART GALLERIES

INTERNATIONAL CAPITAL MARKETS

Treasuries rally after Greenspan credit hints

By **Janet Bush** in New York and **Tracy Corrigan** in London

US Treasury bonds rallied from a period of morning weakness after remarks by Mr Alan Greenspan, Federal Reserve chairman, that the central bank was prepared to move monetary policy to offset a tightening *in the availability of credit in the economy.*

At midsession, the Treasury's benchmark long bond was quoted ½ point higher at 8.51 per cent. Short-dated maturities were up by around ¼ point.

Mr Greenspan told the Senate Banking Committee that the central bank was considering a general monetary easing to offset any tightening of credit, which might be traceable to less willingness by commercial banks to make loans.

He said there was evidence that loan rates were moving up relative to the cost of money, independent of any action taken by the central bank.

This is the first clear acknowledgement by the Fed that there may be something of a credit crunch and that it may have to be offset by a general easing of monetary policy.

This interpretation immediately boosted the bond market although prices came off their highs in early afternoon trading.

Before Mr Greenspan's comments, bond prices had dropped by as much as 11/32 point at the long end of the yield curve amid reports that an institutional investor was selling as much as $1bn to buy the new Resolution Funding Corp bonds issued earlier this week.

A drop in bond futures contracts on these rumours spread into the cash Treasury market.

■UK TRADE and Industry Secretary Nicholas Ridley's denunciation of German ambitions in Europe, in an interview with the Spectator magazine, *pushed gilt prices lower* initially, but the market recovered to end slightly firmer on the day.

Sterling slipped in early trading, on concern that his comments could delay Britain's entry of the exchange rate mechanism of the European Monetary System, but also recovered when Mr Ridley retracted the comments, and Mrs Margaret Thatcher, the Prime Minister, dissociated herself from his remarks.

The benchmark 03/07 gilt ended at 101¼, yielding 11.55 per cent, up 1/32 point from its opening level, from a low of 100 13/32 earlier in the day.

The recovery was helped by the market's desire to maintain flat positions ahead of today's retail prices release.

If the index reaches 10 per cent, the market could fall on the psychological impact of a double-digit figure, even though it is generally considered that inflation has reached a plateau, analysts say.

■ON the continent, the German bond market was boosted *by reassurances from Mr Karl-*Otto Pöhl, Bundesbank president, that inflation is likely to remain steady this year.

He added that next year's inflation rate is hard to predict.

The Bundesbank left rates unchanged at its council meeting, as expected.

The Bund future on the London International Financial Futures Exchange ended at 83.76, up from 83.40 in healthy volume.

French government bonds were also well bid, but the market was again outperformed by the bunds market, as the 10-year bond spread between the two markets widened to 108 basis points, from 100 basis points at the start of the week.

European government bond markets surged ahead further during after-hours trading, in the wake of Mr Greenspan's comments.

GOVERNMENT BONDS

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
UK GILTS		10.000	4/93	94-02	+0/32	12.60	12.55	12.59
		10.500	5/99	92-07	-01/32	11.94	11.98	11.93
		9.000	10/08	84-05	-02/32	11.02	11.06	11.04
US TREASURY *		8.875	05/00	101-24	-07/32	8.60	8.38	8.48
		8.750	05/20	101-22	-09/32	8.59	8.38	8.45
JAPAN	No 119	4.800	6/99	86.6119	-0.209	7.27	7.20	7.07
	No 2	5.700	3/07	90.7605	-0.282	6.89	6.83	6.59
GERMANY		7.750	02/00	93.9500	+0.050	8.69	8.62	8.86
FRANCE	BTAN	9.000	02/95	96.2613	+0.002	10.02	9.94	10.13
	OAT	8.500	03/00	92.5700	-	9.70	9.61	9.81
CANADA *		9.750	05/00	93.6000	-0.600	10.84	10.61	10.69
NETHERLANDS		9.000	05/00	101.1800	+0.070	8.81	8.78	9.04
AUSTRALIA		12.000	7/99	93.4868	+0.197	13.26	13.34	13.57

London closing. *denotes New York morning session
Yields: Local market standard
Prices: US, UK in 32nds., others in decimal

Technical Data/ATLAS Price Sources

Turkish borrowing may reach $700m

THE Turkish Treasury will need to borrow between $600m and $700m from overseas lenders before the end of 1990, Reuter reports from Istanbul.

A senior Treasury official said borrowing – planned for an average maturity of five years – was likely to be in Eurobonds, possibly D-Mark denominated, while studies were underway for a first Yankee bond issue of some $200m that may be concluded by early December.

Total foreign debt, restructured in 1989 to include refinanced foreign military sales debt and in line with a World Bank currency pooling system, dipped to $40.8bn in the first quarter of the year after $41bn at the end of 1989.

Short-term debt rose to $6.6bn, up 15.8 per cent on the figure at the end of 1989 while medium and long-term debt dropped by 3 per cent to $34.16bn.

The Treasury had set a 1990 borrowing target of $1.5bn, of which around $730m has been realised so far.

FT/AIBD INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market.
Latest prices at 6.10 pm on July 12

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
ABBEY NATIONAL 8 7/8 93	150	98¼	99¼	-⅛	9.39
ALBERTA PROVINCE 9 3/8 95	600	100⅝	100⅞		9.20
AMERICAN GENERAL 9 3/4 95	100	97⅝	98⅞	-⅛	10.38
AUSTRALIA 11 1/4 00	100	108⅛	109⅛	-⅛	9.91
AUSTRIA 8 1/2 00	400	94⅞	95¼	-⅛	9.32
BANK OF TOKYO 8 3/8 96	100	95⅛	95⅝	-⅛	9.50
BELGIUM 9 1/8 92	400	100¼	100½	-⅛	9.03
BFCE 7 3/4 97	150	92⅝	93	-⅛	9.27
BNP 8 5/8 94	300	98	98¼	-⅛	9.23
BP CAPITAL 9 5/8 93	150	100½	101½		9.34
CANADA 9 96	1000	100¼	100½	-⅛	8.95
CCCE 9 1/4 95	300	100½	100⅞	-⅛	9.09
COUNCIL EUROPE 8 96	100	94¼	94⅞	-⅛	9.25
DENMARK 0 98	250	48¼	48⅞		9.42
DENMARK 8 1/4 94	150	96⅞	97¼		9.19
ECSC 8 1/4 96	193	95¼	95⅝	-⅛	9.22
EEC 7 1/4 93	250	96	96½		8.98
EIB 7 3/4 96	250	93¼	93⅞	-⅛	9.24
EIB 10 97	250	103⅛	104		9.21
ELEC DE FRANCE 9 98	200	99	99¼	-⅛	9.17
EUROFIMA 9 1/4 96	100	100½	101	+⅛	9.11
EXPORT DEV CORP 9 1/2 98	150	101¼	101½		9.29
FINLAND 7 7/8 97	200	92⅝	93¼		9.42
FINNISH EXPORT 9 5/8 95	200	100⅞	101¼	-⅛	9.17
FORD MOTOR CREDIT 9 1/2 93	300	100⅞	101¼		9.19
GAZ DE FRANCE 12 1/4 93	175	104⅞	105⅛	+⅛	10.44
GEN ELEC CAPITAL 9 3/8 96	300	100⅞	101¼	-⅛	9.17
GMAC 9 1/8 96	200	99½	100	-⅛	9.22
HALIFAX 9 1/2 93	200	100⅝	100⅞	-⅛	9.34
IBM WORLD TRADE 7 5/8 93	150	95¼	95⅞		9.31
IND BK JAPAN FIN 7 7/8 97	200	92⅛	92⅞	-⅛	9.44
INTER AMER DEV 7 5/8 96	200	92¼	92⅞	-⅛	9.32
ITALY 8 1/2 94	1500	97⅛	97⅝	-⅛	9.13
JAPAN DEV BK 8 94	150	96½	96⅞	-⅛	9.10
KANSAI ELEC PWR 10 96	350	102	102½	-⅛	9.51
LTCB 8 5/8 93	150	98¼	99¼	-⅛	9.14
NEW ZEALAND 8 93	100	97	97⅛	+⅛	9.20
NIPPON CRED BK 9 3/4 93	150	101⅛	101⅞		9.30
NIPPON TEL & TEL 9 3/8 95	200	100⅝	101⅛	-⅛	9.18
NISSAN ACCEPT CORP 9 1/4 91	150	99⅞	100⅝	+⅛	9.34
OLYMPIA & YORK 8 1/4 96	435	90¼	92¼	+⅛	10.53
ONTARIO HYDRO 11 5/8 94	200	105⅛	107⅛	-⅛	9.60
OSTER KONTROLLBANK 8 1/8 93	200	97⅞	98¼		9.02
PRUDENTIAL RLTY SECS 0 99	365 216	46¼	46⅞		9.49
QUEBEC HYDRO 9 3/4 98	150	101¼	101⅞		9.51
QUEBEC PROV 9 98	200	97½	97⅞	+⅛	9.45
SAINSBURY 9 1/8 96	150	98¼	98⅞	-⅛	9.47
SAS 10 99	200	101	101⅛		9.80
STATE BK STH AUST 9 1/4 93	100	99⅞	100⅛	+⅛	9.26
SUMITOMO TST 7 3/4 91	100	98	98½	-⅛	9.35
SWEDEN 8 1/8 94	150	96⅛	97		9.25
SWEDISH EXPORT 9 5/8 93	100	101⅛	101⅝	+⅛	9.03
TOKYO METROPOLIS 8 1/4 96	200	95⅛	95⅝	-⅛	9.26
WORLD BANK 8 3/8 99	1500	96¼	96⅝	-⅛	9.20
WORLD BANK 8 3/4 97	1500	98⅜	98⅞		9.18
XEROX CORPN 8 3/8 96	100	93½	94⅞	+⅛	9.81

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
ASIAN DEV BANK 8 94	200	96¼	96¾	+⅛	8.95
AUSTRIA 6 98	400	84	84	-⅛	8.95
CNT 6 1/8 98	200	83⅞	83⅞	+⅛	8.96
CREDIT FONCIER 6 3/4 99	500	86⅛	86⅞	+⅛	8.97
DEUTSCHE BK FIN 5 5/8 96	750	86	86	+⅛	8.77
EEC 5 3/8 93	300	91⅛	91⅛	+⅛	9.22
EIB 6 1/8 96	300	87½	87½	+⅛	8.91
EIB 6 7/8 95	300	91¼	91¾	+⅛	8.99
EUROFIMA 6 1/4 98	400	85⅛	85⅝		8.87
FERRO DEL STAT 5 3/8 93	500	92⅛	92⅝		8.99
IND BK JAPAN FIN 5 5/8 96	200	85¼	85¾	+⅛	9.00
INTER AMER DEV 7 1/4 99	200	90⅛	90⅝	+⅛	8.80
LUFTHANSA INT FIN 5 7/8 98	500	83½	83½	+⅛	8.90
QUEBEC HYDRO 6 3/4 99	300	86	86¼	+⅛	9.14
SWEDEN 6 1/8 98	300	84⅛	84⅛	+⅛	8.95
WORLD BANK 0 15	2000	14½	14⅞	+⅛	7.89
WORLD BANK 5 3/4 96	300	86½	86⅞	+⅛	8.87
WORLD BANK 7 1/8 95	500	93⅛	93⅝	+⅛	8.84

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
ASIAN DEV BANK 6 10	100	89½	91½	-1	6.98
AUSTRIA 4 5/8 98	100	88	88¾		6.69
COUNCIL EUROPE 4 3/4 98	250	87½	88¼		6.91
DENMARK 3 3/4 91	100	97½	98	+½	7.77
EEC 5 1/2 00	100	91	93		6.73
EIB 5 3/4 93	100	97½	97¾	+¼	6.61
FINLAND 5 3/8 95	150	93⅞	94¼		6.81
JAPAN DEV BK 5 1/2 94	100	95½	96½	-1	6.95
MOUNT ISA FINANCE 5 3/4 94	100	89¾	91	-¼	9.02
NEW ZEALAND 4 7/8 99	200	87	88	+½	6.93
POLLY PECK INTL FIN 6 1/4 96	100	84¼	85	+¼	9.89
QUEBEC HYDRO 5 08	100	80	81	-½	7.00
SKANDINAVISKA ENSK 6 1/2 95	100	98¼	99	-¼	6.95
WORLD BANK 6 1/4 92	100	98½	99½	-½	6.97
WORLD BANK 7 1/4 92	100	100½	101¼	-½	6.97

YEN STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
AUSTRIA 4 3/4 94	30000	92¼	93	-⅛	7.14
CANADA 4 3/8 92	80000	95¼	95¾		7.13
CREDIT FONCIER 5 1/4 94	20000	92⅝	93⅛	-⅛	7.24
DENMARK 7 95	40000	99⅛	99⅝	-⅛	7.12
EIB 4 5/8 94	40000	92	92¼	-⅛	7.08
FNMA 6 7/8 92	50000	99¼	99¾	-⅛	7.35
GENERAL ELECTRIC 5 3/4 93	35000	96⅛	96⅝	+⅛	7.30
ITALY 5 3/4 92	150000	97⅞	98⅛		7.17
KANSAI ELEC PWR 4 5/8 94	60000	91⅛	91½		7.34
NIPPON TEL & TEL 5 7/8 96	50000	94⅛	94⅝	-⅛	6.99
NORWAY 5 1/8 95	50000	92⅛	92⅝	-⅛	7.07
SWEDEN 5 5/8 95	20000	93⅞	94⅛		7.10
WORLD BANK 6 3/4 00	50000	99	99¼	-⅛	6.89

OTHER STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
COUNCIL EUROPE 7 94 LFr	600	92¼	93¼	-⅛	9.62
KREDIETCORP 7 93 LFr	1000	93⅛	94⅛	-⅛	9.58
WORLD BANK 8 96 LFr	1000	93½	94½	-½	9.50
ALBERTA PROVINCE 10 92 C$	500	95⅛	95⅝	-⅛	12.75
BCE INC 9 5/8 93 C$	300	92⅛	93⅛		12.89
BELL CANADA 10 5/8 99 C$	150	92⅛	93¼	-⅛	11.98
BRITISH COLUMBIA 12 1/4 91 C$	100	98	99	-⅛	13.78
EIB 10 1/8 98 C$	130	91⅛	91⅞	-⅛	11.93
FORD CREDIT CANADA 10 94 C$	100	92⅛	92⅞	-⅛	12.53
GENERAL ELECT CAP 10 1/4 93 C$	175	93⅛	94⅛	-⅛	12.69
MONTREAL TRUSTCO 8 1/2 92 C$	100	92⅛	93⅛		13.19
ONTARIO HYDRO 10 7/8 99 C$	500	94⅞	95⅛	-⅛	11.83
QUEBEC PROV 10 1/2 98 C$	200	92⅝	92⅞	-⅛	11.96
ROYAL TRUSTCO 10 1/4 93 C$	100	93⅛	94⅛	-⅛	13.02
SWEDEN 9 3/4 93 C$	250	94⅛	94⅝		12.25
AUSTRIA 7 3/8 93 Ecu	125	93	94⅞	-⅛	10.43
CNT 7 3/8 93 Ecu	250	91⅛	91⅞	-1⅛	10.99
CREDIT LYONNAIS 9 96 Ecu	125	95⅛	96	+⅛	10.04
DENMARK 7 5/8 96 Ecu	250	89	89½	-⅛	10.22
EEC 7 5/8 94 Ecu	200	92⅛	92⅝		10.27
EIB 10 97 Ecu	500	99⅛	99⅝		10.11
ITALY 10 3/4 00 Ecu	1000	103⅛	103⅝	+⅛	10.15
SWEDEN 7 1/2 93 Ecu	250	92⅛	93	-⅛	10.18
BMW FINANCE 14 1/2 92 A$	100	100⅛	100⅞	+⅛	14.14
COUNCIL EUROPE 13 93 A$	50	99⅛	100⅛	+⅛	13.09
EKSPORTFINANS 12 3/8 95 A$	75	94⅛	95⅛	+⅛	13.90
FORD CRED AUST 13 93 A$	50	96⅞	97⅞	+⅛	14.53
HEINZ 12 3/4 91 A$	100	97⅝	98⅛	+⅛	15.40
ICI 15 1/2 92 A$	100	101½	102	+⅛	14.47
NAT AUSTRALIA BANK 14 3/4 94 A$	150	100⅞	101⅛	+⅛	14.42
STATE BK NSW 14 1/4 99 A$	100	100⅛	101⅛		14.09
VOLKSWAGEN INTL 15 94 A$	100	102⅛	103		14.04
BARCLAYS JERSEY 9 1/2 93 £	250	90⅞	91⅛	+⅛	13.67
EIB 10 97 £	100	86⅞	87⅛		13.07
FORD CREDIT FUNDING 9 5/8 93 £	50	90⅛	91		14.02
INTER AMER DEV 11 3/8 95 £	75	94⅛	94⅞		13.06
ITALY 10 1/2 14 £	400	85⅞	86⅛		12.55
LAND SECS 9 1/2 07 £	200	73⅞	74⅛		13.51
LEEDS PERMANENT 9 1/4 93 £	50	90	90½		13.65
NORWAY 10 1/2 94 £	200	92⅛	92⅝		13.34
ROLLS-ROYCE 9 5/8 93 £	150	89⅞	90⅛	+⅛	14.02
SAINSBURY 10 7/8 93 £	100	93⅛	94⅛		13.99
WORLD BANK 11 1/4 95 £	100	93⅛	94⅛		13.04
ABBEY NATIONAL 0 96 NZ$	100	42⅛	43⅞	-⅛	14.78
TELECOM NZ O/S FIN 13 1/8 93 NZ$	75	98⅛	99⅛		13.53
AIDC 7 7/8 93 FFr	600	93⅛	93⅞		10.38
DENMARK 8 1/8 91 FFr	1000	97⅛	97⅞		10.34
EURATOM 7 5/8 98 FFr	500	85⅞	86⅛	+⅛	10.31

FLOATING RATE NOTES	Issued	Bid	Offer	C.cpn
ABBEY NATIONAL 1/16 00 £	150	99.97	100.03	15.3125
ALBERTA PROVINCE 1/32 93	500	99.89	99.99	8.4063
ALLIANCE & LEICS 0.08 94 £	300	99.89	99.94	15.3300
BANCO DI NAPOLI INT 91	150	99.95	100.05	8.8750
BANCO ROMA 0 03 01	200	95.39	95.64	8.4675
BELGIUM 1/16 97 DM	500	100.04	100.13	8.9375
BFCE -0 02 96	350	99.79	99.89	8.4175
BNP 05	300	98.75	98.85	8.3750
BRITANNIA 1/10 96 £	150	99.90	99.95	15.3500
CITICORP 1/4 98	500	96.01	96.51	8.5625
CITIZENS FED 0.15 96	180	99.30	99.55	8.7125
COMMERZBK O/S FIN 93	200	99.58	99.68	8.3125
DENMARK -1/8 96	1000	99.13	99.23	8.1875
FERRO DEL STAT 94	200	100.28	100.38	8.4375
HALIFAX 1/10 94 £	200	100.06	100.11	15.3500
MITSUI FIN ASIA 1/8 96	100	99.90	100.00	8.5625
MORGAN (JP) 1/4 97	250	99.70	99.98	8.5625
NAT WEST FIN 3/16 05	400	97.03	97.28	8.8125
NEW ZEALAND 93	500	99.41	99.52	8.2500
NORTHEAST SAVINGS 1/10 96	150	99.50	100.00	8.3375
PORTUGAL 0.05 93	700	99.88	99.98	8.4875
QUEBEC PROV 01	300	97.40	97.51	8.5000
RENFE 98	500	99.66	99.76	8.5000
SOCIETE GENERALE 96	300	99.27	99.37	8.6250
UNITED KINGDOM -1/8 96	4000	99.76	99.80	8.1250
WELLS FARGO 1/16 94	150	98.00	98.50	8.3750

CONVERTIBLE BONDS	Issued	Conv. price	Bid	Offer	Prem.
ARGYLL GROUP 4 1/2 02 £	60	2.95	100⅞	101⅞	+21.46
ASDA-MFI 4 3/4 02 £	100	1.64	105⅛	106⅛	+46.90
BURTON GROUP 4 3/4 01 £	110	3.15	103⅛	105⅛	
EASTMAN KODAK 6 3/8 01	300	50.67	94⅛	95	+19.61
GOODYEAR TIRE 6 7/8 03	150	80⅛	73⅛	74⅛	
GRACE (WR) 6 1/4 02	150	42⅛	86⅛	87	+23.16
GRAND MET 6 1/4 02 £	100	6.58	101⅞	102⅞	+3.13
HAWLEY 6 02 PREF	400	1.91	110⅛	111⅞	+11.56
HILLSDOWN 4 1/2 02 £	150	4.16	97⅛	98⅞	+47.87
INTL PAPER 5 3/4 02	200	68⅛	90	91	+20.29
LAND SECS 6 3/4 02 £	84	6.72	83⅛	84⅛	+7.58
METAL BOX 9 3/4 02 £	65	1.93	107⅛	108⅛	-4.28
MITSUBISHI BK 1 3/4 02	300	2727.1	89⅛	91⅛	+3.90
OGDEN 6 02	85	39.077	88	89⅛	+27.36
PACIFIC DUNLOP 6 3/4 97	75	3.749	114⅛	115⅛	+1.40
TEXAS INSTRUMENTS 2 3/4 02	300	92⅞	77⅛	77⅞	+63.37
THORN EMI 5 3/4 04 £	103	7.45	106½	107⅛	+6.21

* No information available - previous day's price
‡ Only one market maker supplied a price

STRAIGHT BONDS: The yield is the yield to redemption of the bid-price; the amount issued is in millions of currency units. Chg. day = Change on day.
FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. Spread = Margin above six-month offered rate (three-month §above mean rate) for US dollars. C.cpn = The current coupon.
CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Cnv price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Chile copper mining group to be floated

By Leslie Crawford in Santiago

EMPRESA Minera Mantos Blancos, Chile's second-largest private sector copper producer, will next week become *the first copper mining* group to be listed on the Santiago Stock Exchange.

The flotation, which follows a decision by the International Finance Corporation (part of the World Bank) to dispose of its 15.8 per cent stake in the company, has not been problem-free.

It has taken months for the Chilean Securities Commission to approve the listing, partly because of the novelty of a copper mine seeking to go public in Chile – a not inconsiderable irony in a country that is the world's largest copper producer.

The absence of mining companies on the Santiago stock market can be explained by the fact that over 70 per cent of Chile's copper production is in state hands, while most private copper mines are owned by multinationals. Mantos Blancos, for example, is 73 per cent owned by a unit of Anglo American, the South African mining group.

In order to test the strength of demand within Santiago's conservative investment community, Bice Chileconsult, the investment bank acting on behalf of the IFC, arranged a private placement of 1 per cent of Mantos Blancos shares last month.

Two foreign investment funds and several brokers acting on behalf of individual investors bought the 99,000 shares on offer at 5,000 pesos ($17) each. Based on Mantos Blancos' net profit for last year, the issue price/earnings ratio was just 2.9 – less than half the level of most of Chile's blue chip companies.

Because of the Santiago stock market's lack of size – on average, only about $3m worth of business is traded each day – Bice Chileconsult plans to release the IFC's shareholding in Mantos Blancos in small batches.

Two factors could sour the flotation: the volatility of the price of copper, despite its current highs, and the life expectancy of the mine. Mantos Blancos has proven reserves of some 62m tonnes, which will be exhausted in eight years at current production levels.

However, independent mining consultants believe that the exploitation of underground ore bodies and the mine's potential reserves could extend the Mantos Blancos operation well into the first decade of the next century.

Mantos Blancos produced 74,459 tonnes of fine copper last year, or about 5 per cent of Chile's total output. Net sales were $181m.

Portuguese bank plans to set up investment arm

BANCO Commercial Portugues, Portugal's leading private commercial bank, is to set up an investment arm as part of plans to widen its spread of financial services, AP-DJ reports from Lisbon.

According to BCP officials, the bank will form a holding company, BCP Investimentos SGPS, with a capital base of at least Es3bn within the next two months.

BCP officials said its investment arm would operate as a holding company to side-step a current freeze on new investment companies by the Bank of Portugal.

"It was logical that our financial group should have an investment banking division, but we could not do everything at once [when we started up]," Mr Jorge Jardim Goncalves, BCP president, told a news conference.

He said the limited investment activities performed by BCP now would be transferred to the holding company and expanded.

He also said BCP's pretax profit reached a provisional Es8.2bn for the first six months of this year, double the Es4.1bn profit for the same period last year.

Total assets rose from Es375bn to Es656bn at end June this year.

Founded in 1986, BCP currently runs 67 branches in Portugal, including 38 popular banking branches of the Nova Rede network set up for lower-income clients last December.

Securities firm launches HK index

CITICORP Scrimgeour Vickers will publish, from today, the Citicorp Vickers index, representing 42 second-line shares, an indicator for Hong Kong stocks, Reuter reports.

"Our aim is to provide a more appropriate indicator in the non-blue chips arena," the company said.

INTERNATIONAL CAPITAL MARKETS

Nomura re-opens Swedish deal as a block trade

By Andrew Freeman

NOMURA International was praised by rival syndicate houses for its sensible approach in re-opening a Eurobond issue yesterday.

It handled a $200m re-opening of a five-year issue for SBAB, the Swedish National Housing Finance institute, as a block trade, meaning it underwrote the entire amount itself.

The original $300m deal, launched in May, had performed well in spread terms against US Treasuries, tightening from 74 basis points to around 55 basis points. Nomura re-offered the new bonds at 100.675, a spread of 56 basis points over Treasuries. Members of the original syndicate were allowed to buy as many bonds as they wanted at a 5 per cent discount.

Praise for the method was tempered by comments that demand for the paper at the new spread might be limited. A few houses said they had taken bonds on switch trades, but felt the spread would widen before real interest emerged.

However, Nomura confidently broke syndicate towards the close of trading and after bidding the bonds at the issue price benefited from a late pick-up in the US market to quote the paper at a premium of 100.93 bid. It is thought the proceeds were swapped into Swedish kronor.

The first subordinated, guaranteed issue for a Japanese bank had a good reception yesterday, with traders reporting good demand from European institutional accounts.

The $700m 10-year floating-rate deal for Sumitomo Bank International Finance was launched by Sumitomo Finance International paying a spread of 25 basis points over three-month Libor. On Wednesday, Sumitomo issued a $500m fixed-rate in the US domestic market. Dealers said the market for subordinated paper of

INTERNATIONAL BONDS

European and Japanese bank names was very buoyant. During the sounding-out process before launch, Sumitomo increased the deal from its original $500m.

Traders agreed the bonds had been priced to sell and were quoting the paper at its 100 issue price.

Elsewhere, there was busy issuance across several sectors. The latest Japanese equity warrant deal, a $300m offering for Orient Corporation traded around 103 bid, a three-point premium to issue price.

Hambros' A$75m deal for GMAC Australia Finance was quoted comfortably inside fees at less 1¾ bid.

The A$50m three-year deal for Australia Gas & Light brought by Westpac with a fat 15⅜ coupon attracted good support from investors apparently unconcerned by the borrower's lack of credit rating from Moody's or Standard & Poor's. The bonds were trading at less 1.45 bid, against full fees of 1½ points.

Late in the day, Nomura issued a A$100m fungible issue for the State Bank of South Australia. The deep-discount issue was aimed at retail investors in Japan who benefited from a tax advantage. An official said the total A$300m deal had become the largest fixed-coupon issue in the sector.

An Ecu150m five-year issue by Dresdner Finance met good retail demand and was trading comfortably inside fees, bid by the lead manager at less 1.70 bid. Proceeds were swapped into floating-rate dollars.

In Germany, where prices rose around 20 pfennigs in afternoon, futures-driven trading amid reasonable turnover, SE Banken's DM200m 10-year subordinated deal via Deutsche Bank was trading around fees at less 2½ bid. Traders said at that level there was reasonable demand.

In Switzerland, a SFr250m deal for the Province of Nova Scotia via UBS had a similar reception, meeting good demand at around less 2⅜ bid, a discount equivalent to full fees. The terms were considered fair.

Salomon lures team from Merrill Lynch

By Tracy Corrigan

SALOMON Brothers has lured away a Merrill Lynch team responsible for the development of a highly profitable type of subordinated debt instrument.

Remarketed variable-rate notes allow banks to raise equity-type capital in Europe, which has been virtually impossible since the floating-rate note market crashed in 1986.

Mr David Karat, who headed up Merrill Lynch's innovative team, will be co-head of financial institutions in the corporate finance department of Salomon Brothers. Mr Charles Berman and Mr Richard Boath are moving with him.

Many banks are under pressure to raise subordinated debt to conform with the Basle accord's capital adequacy requirements. But Japan's leasing companies have stopped buying up subordinated private placements, denying financial institutions a traditional repository of subordinated debt and intermediaries a vital source of profit. Hence the surge of interest in the VRN market.

Salomon and Merrill currently dominate the profitable VRN market, but other houses, such as Goldman Sachs, are struggling to catch up.

Even CSFB, which lambasted the product two years ago in a piece of research which dubbed VRNs "Very Risky Notes," has now adopted a positive stance.

The next stage in the market's development is likely to be the first issue of VRNs denominated in European currency units.

Investment bankers say it may be necessary to broaden the market's investor base, if the large sums envisaged by some borrowers over the next few years are not to saturate the market.

Currently, the majority of investors are European companies which use the product as a money-management tool.

BAe juggles the currency risks

Stephen Fidler talks to the UK group about its treasury philosophy

The increasing diversity of the British Aerospace group has meant a growing challenge for its corporate treasury.

Acquiring the Rover group has significantly enlarged the company's risk in the foreign exchange market, especially against currencies in continental Europe where the motor group has significant sales.

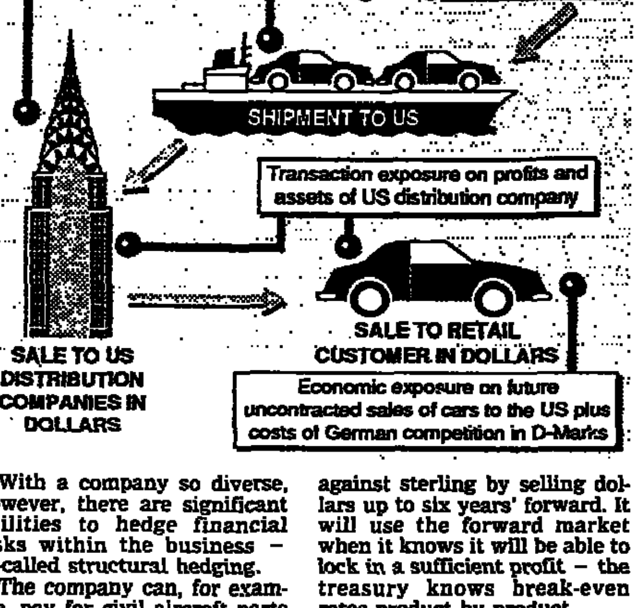
On top of that it has to handle – among other things – a commercial aircraft business, where revenues are denominated in dollars, and Ballast Nedam, a Dutch construction business. It also must manage, as an investor, a large pool of sterling assets – amounting to about £2¼bn at the end of last year – most of which are made as advance payments for its military business and which are kept separate from the rest of its corporate funds.

"We think our exposures are arguably as complex as any in the UK," says Tony Rice, assistant treasurer of the company. Only about half of its revenues are in sterling, the currency in which its balance sheet is denominated.

Unlike at some companies, however, BAe's treasury is not a regarded as profit centre.

"We function as a profit-oriented cost centre and our customers are our business units," says Mr Rice.

But while subsidiaries have as much autonomy as possible, BAe is not run as a holding company, where business units are in total isolation. It is governed by two fundamental rules: none is allowed to run exposures so large that it could threaten the overall group, and none is allowed to use ignorance as a defence if it loses money by getting currency forecasts horribly wrong.



With a company so diverse, however, there are significant abilities to hedge financial risks within the business – so-called structural hedging.

The company can, for example, pay for civil aircraft parts in dollars to offset some risk surrounding the payment for aircraft in dollars. Structural hedging does not have to be within the business; one business can provide a natural hedge for another.

"This," according to Mr Rice, "is where a centralised treasury adds value."

Where the company has to use the financial markets, it tries to match the hedge as closely as it can to the exposure.

Since civil aircraft order books go forward six years, it can lock in a rate for the dollar against sterling by selling dollars up to six years' forward. It will use the forward market when it knows it will be able to lock in a sufficient profit – the treasury knows break-even rates product by product.

If BAe can't lock in a profit, it may turn to options. That allows it to make sure that it does not lose in the case of an adverse currency movement, but will be able to profit from a favourable currency movement.

At times, BAe has had more than $1bn of currency options outstanding.

To reduce its exposure to interest rate fluctuations, the company attempts to keep a balance between fixed- and floating-rate liabilities. When the treasury believes it is in the middle of the interest rate cycle, it will attempt to make sure half of its liabilities are in fixed and half are at floating-rates. Over the interest rate cycle, it will expand the floating-rate or fixed-rate part of its borrowings. The company would never be less than 30 per cent fixed or 30 per cent floating at any time.

BAe has a corporate pool of liquidity – separate from the pool of sterling which comes from advance payments for military hardware – which it tries to keep topped up. Mr Rice nevertheless stresses the importance of identifying funding requirements in advance. "The business planning cycle is critical. Many of the funding markets are 'window' markets and we need to work well in advance of any actual funding needs," he says. 'Window' markets are not consistently available to borrowers.

Over the years, BAe has moved away from its traditional bank funding sources – moving more and more into the capital and commercial paper markets.

But while commercial paper represents a cheap source of funding, it depends heavily on the preservation of a rating and is thus not eternally reliable. That means banks must remain a critical part of the financing equation.

"We believe in relationship banking," says Mr Rice. BAe arranged a multiple option facility last year with 40 banks (it was raised to $825m from $300m after success in syndication). It is through these 40 banks, together with the UK clearers, that the company conducts all its the business. "We don't see them as our enemies but as our partners," he says.

SEC seeks comment on regulation move

By Janet Bush in New York

THE Securities and Exchange Commission, which oversees the regulation of US securities markets, yesterday voted to seek public comment on a proposal designed to help the commission detect financial difficulties at the holding companies of brokerage firms.

The move is a response to the collapse of Drexel Burnham Lambert in February. The holding company filed for protection from its creditors under Chapter 11 of the bankruptcy code after it had withdrawn more than $200m from its brokerage subsidiary to bolster its capital without telling regulators.

The SEC's proposal would require holding companies of brokerage firms to notify the commission two days before they remove a large part of the excess capital residing in a brokerage subsidiary.

It would give the SEC authority, under certain circumstances, to halt temporarily such transfers of capital and would establish a new standard for limiting withdrawals of capital based on the amount of securities positions held by the firm.

Mr Richard Breeden, SEC chairman, said yesterday that the proposed rules would amount to a "corporate smoke alarm" which would alert the SEC to potential problems at the holding company of a brokerage. As regulations now stand, the holding companies of brokerage houses are not regulated, a loophole which has long been criticised.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees	Book runner
US DOLLARS						
Sumitomo Bank Int.Fin.(a)‡◆	700	25bp	100	2000	25bp	Sumitomo Finance Int.
Orient Corp.♦	300	4¾	100	1994	2¼/1½	Nomura Int.
Swedish Nat.Housing Fin.(b)◆	200	9½	100.675	1995	1⅞/1¼	Nomura Int.
ASLK-CGER IFICO(c)‡◆	50	(c)	100	2000	25/15bp	Mitsubishi Fin. Int.
AUSTRALIAN DOLLARS						
State Bk South Australia(d)◆	100	6	61	2001	2/1¼	Nomura Int.
GMAC Australia Finance(e)◆	75	14¾	101.65	1994	1¾/1⅛	Hambros Bank
Bqe Generale du Lux'bourg(f)◆	50	20	101¾	1991	1/⅝	Bankers Trust Int.
Australian Gas and Light(e)◆	50	15⅜	101.95	1993	1½/1	Westpac Banking Corp.
ECUs						
Dresdner Finance(e)◆	150	10⅛	101.60	1995	1⅞/1¼	Dresdner Bank
D-MARKS						
Skand. Enskilda Banken(e)◆	200	9	102	2000	2½/1½	Deutsche Bank
SWISS FRANCS						
Province of Nova Scotia(e)◆	250	7	101½	2000	2⅜	UBS
AOI Advertising Prom (e)★★◆	30	7⅝	100¾	1995	1⅜	SBC
Kinoshita Housing Con.(e)★★◆	30	7⅝	101	1997	1⅝	Saitama Finanz (Schweiz)
YEN						
Credit Foncier(e)◆	25bn	7⅛	101⅝	1995	1⅞/1¼	Yamaichi Int. (Europe)
Instituto de Cred.Oficial(g)‡◆	20bn	-50bp	100	2000	30/20bp	IBJ Int.

★★Private placement. ‡Floating rate notes. ♦With equity warrants. ◆Final terms. a) First coupon pays 25bp over three month Libor, years six to 10 pays 35bp over Libor. Call at par after five years. b) Fungible with $300m bond launched in May. Fixed re-offer price. Non-callable. c) Coupon pays years 1-5 35bp over 6-month Libor, thereafter 50bp over Libor. Call July 1995 and on coupon dates thereafter at par. d) Fungible with existing A$200m bond. e) Non-callable. f) Redemption in A$ or C$ at C$0.87 at borrower's option. g) Coupon pays 50bp under Japanese long-term prime rate. Call from July 1995 and every six months thereafter at par.

LONDON MARKET STATISTICS

FT-ACTUARIES SHARE INDICES

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In conjunction with the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Thursday July 12 1990: Index No	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div Yield% (Act at (25%))	Est. P/E Ratio (Net)	xd adj. 1990 to date	Wed Jul 11 Index No.	Tue Jul 10 Index No	Mon Jul 9 Index No	Year ago (approx) Index No.
1 CAPITAL GOODS (196)	881.29	+0.2	13.15	5.27	9.29	22.72	879.53	871.10	873.60	979.92
2 Building Materials (26)	1105.21	+0.6	13.84	5.45	8.93	30.01	1098.72	1089.80	1099.26	1208.02
3 Contracting, Construction (36)	1445.64	+1.2	16.55	5.69	7.86	35.19	1428.06	1418.13	1421.84	1662.19
4 Electricals (10)	2389.18	-3.3	12.03	5.57	10.23	61.43	2470.29	2461.69	2455.36	2865.49
5 Electronics (26)	1817.72	+0.4	10.40	4.43	12.51	51.23	1810.16	1783.84	1788.56	2245.52
6 Engineering-Aerospace (8)	476.93	-0.6	13.58	4.93	8.77	9.54	479.85	473.66	473.17	0.00
7 Engineering-General (46)	485.90	-0.7	12.13	5.26	9.99	11.34	489.10	488.77	489.28	0.00
8 Metals and Metal Forming (6)	487.17	+1.1	23.70	6.89	5.14	16.45	481.81	479.80	482.43	517.24
9 Motors (14)	359.66	-1.0	15.45	6.40	7.54	9.81	363.46	363.87	362.81	331.82
10 Other Industrial Materials (24)	1605.85	+0.7	10.97	5.02	10.53	38.49	1594.51	1569.26	1573.12	1685.26
21 CONSUMER GROUP (178)	1311.18	+0.3	9.29	3.85	13.30	21.74	1306.70	1292.39	1297.38	1287.11
22 Brewers and Distillers (22)	1605.61	-0.6	9.49	3.63	12.66	23.74	1614.72	1602.17	1608.86	1435.75
25 Food Manufacturing (20)	1094.12	+0.2	10.47	4.32	11.82	22.71	1092.38	1089.39	1099.44	1186.17
26 Food Retailing (16)	2538.99	+0.6	9.12	3.24	14.03	33.61	2523.84	2504.65	2505.93	2434.49
27 Health and Household (15)	2644.82	+1.3	6.51	2.62	18.29	25.10	2610.36	2562.89	2565.33	2259.13
29 Leisure (32)	1446.62	-0.8	10.08	4.27	12.07	32.35	1457.82	1447.73	1469.71	1707.15
31 Packaging & Paper (12)	614.10	-0.1	10.84	5.60	11.36	12.94	614.92	610.08	607.70	589.19
32 Publishing & Printing (16)	3541.31	+0.4	10.17	5.21	12.29	81.93	3527.52	3509.51	3545.19	3619.19
34 Stores (34)	810.68	+0.8	10.94	4.62	11.83	15.90	803.97	787.51	784.64	858.22
35 Textiles (11)	495.49	-0.2	12.43	7.26	10.15	18.26	496.46	493.49	495.97	556.87
40 OTHER GROUPS (106)	1198.65	.....	10.85	4.95	11.11	17.45	1198.80	1182.76	1184.45	1186.81
41 Agencies (17)	1726.79	+0.3	5.84	2.21	20.71	15.75	1722.17	1701.77	1708.10	1400.41
42 Chemicals (23)	1292.13	+1.1	10.88	5.13	10.75	31.87	1277.59	1262.66	1267.78	1284.14
43 Conglomerates (15)	1617.04	-0.4	10.41	6.16	11.57	31.95	1623.95	1587.33	1602.46	1710.20
44 Transport (13)	2322.24	-0.1	10.58	4.46	12.00	49.33	2324.09	2298.65	2296.51	2539.26
46 Telephone Networks(2)	1257.71	-0.2	10.67	4.48	12.20	3.78	1260.83	1245.63	1240.82	1106.19
47 Water(10)	1978.61	+0.1	16.21	6.84	6.90	0.00	1976.66	1951.98	1951.28	0.00
48 Miscellaneous (26)	1817.04	-0.5	12.20	4.97	9.33	38.44	1826.22	1810.40	1806.96	2014.42
49 INDUSTRIAL GROUP (480)	1180.70	+0.2	10.70	4.54	11.42	21.41	1178.39	1164.96	1168.28	1199.28
51 Oil & Gas (20)	2335.58	+1.5	12.59	5.28	10.41	46.50	2302.00	2271.16	2293.82	2126.24
59 500 SHARE INDEX (500)	1277.57	+0.4	10.96	4.64	11.27	23.49	1272.88	1258.02	1262.84	1278.18
61 FINANCIAL GROUP (108)	809.08	+0.3	–	5.66	–	21.27	807.00	798.65	803.27	766.78
62 Banks (9)	867.32	+0.4	18.89	6.22	6.93	25.62	863.67	851.07	858.48	740.94
65 Insurance (Life) (7)	1461.40	-0.7	–	5.02	–	36.94	1471.34	1452.03	1450.53	1133.98
66 Insurance (Composite) (6)	691.91	+0.5	–	5.98	–	19.43	688.55	677.98	682.86	616.71
67 Insurance (Brokers) (8)	987.13	+0.3	8.72	6.52	15.11	31.64	984.30	975.02	986.88	961.90
68 Merchant Banks (7)	436.98	+0.6	–	4.64	–	10.76	434.19	433.47	434.91	349.81
69 Property (47)	1102.00	+0.2	7.95	4.29	16.15	19.57	1099.63	1101.70	1103.98	1388.51
70 Other Financial (24)	289.43	+0.4	10.54	6.76	12.29	8.66	288.33	287.29	289.25	372.30
71 Investment Trusts (67)	1222.22	+0.6	–	3.19	–	17.97	1215.00	1208.57	1214.40	1191.05
91 Overseas Traders (5)	1431.39	+0.1	9.84	6.38	12.14	44.49	1430.34	1426.22	1429.57	1387.70
99 ALL-SHARE INDEX (680)	1164.78	+0.4	–	4.75	–	22.74	1160.62	1147.60	1152.34	1152.58

	Index No	Day's Change	Day's High (a)	Day's Low (b)	Jul 11	Jul 10	Jul 9	Jul 6	Jul 5	Year ago
FT-SE 100 SHARE INDEX‡	2370.5	+10.0	2386.3	2370.2	2360.5	2327.5	2337.5	2340.0	2331.4	2258.0

FIXED INTEREST

PRICE INDICES	Thu Jul 12	Day's change %	Wed Jul 11	xd adj. today	xd adj. 1990 to date
British Government					
1 Up to 5 years	115.37	....	115.49	0.11	6.64
2 5-15 years	121.13	+0.06	121.06	–	6.91
3 Over 15 years	124.49	+0.17	124.28	–	6.15
4 Irredeemables	140.58	....	140.58	–	7.35
5 All stocks	121.27	+0.05	121.26	0.04	6.83
Index-Linked					
6 Up to 5 years	146.81	+0.10	146.67	–	1.49
7 Over 5 years	136.10	-0.14	136.29	–	2.24
8 All stocks	136.79	-0.12	136.96	–	2.19
9 Debentures & Loans	100.73	-0.03	100.76	–	6.22
10 Preference	74.90	+0.37	74.62	–	3.58

AVERAGE GROSS REDEMPTION YIELDS		Thu Jul 12	Wed Jul 11	Year ago (approx.)
British Government				
1 Low Coupons	5 years	10.87	10.88	9.95
2	15 years	10.87	10.88	9.29
3	25 years	10.87	10.88	9.15
4 Medium Coupons	5 years	12.28	12.27	10.70
5	15 years	11.37	11.39	9.71
6	25 years	11.00	11.02	9.30
7 High Coupons	5 years	12.37	12.35	10.82
8	15 years	11.59	11.61	9.94
9	25 years	11.20	11.23	9.49
10 Irredeemables†		10.94	10.94	9.20
Index-Linked				
11 Inflation rate 5%	Up to 5yrs.	5.39	5.42	3.38
12 Inflation rate 5%	Over 5 yrs.	4.32	4.31	3.60
13 Inflation rate 10%	Up to 5 yrs.	4.35	4.37	2.65
14 Inflation rate 10%	Over 5 yrs.	4.15	4.14	3.45
15 Debs & Loans	5 years	13.97	13.64	12.05
16	15 years	12.83	12.83	11.71
17	25 years	12.54	12.54	11.36
18 Preference†		12.65	12.69	10.27

‡Opening index 2378.1; 9 am 2377.0; 10 am 2378.9; 11 am 2375.6; Noon 2380.6; 1 pm 2384.9; 2 pm 2384.6; 3 pm 2379.6; 4 pm 2371.3; 4.10 pm 2371.0; (a) 12.31pm (b) 4.24pm † Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL, price 15p, by post 35p.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	38	32	29
Corporations, Dominion and Foreign Bonds	2	3	18
Industrials	398	248	930
Financial and Properties	239	87	412
Oils	29	21	38
Plantations	2	0	8
Mines	45	37	83
Others	109	30	102
Totals	862	458	1,620

LONDON RECENT ISSUES

EQUITIES

Issue Price	Am'nt Paid up	Latest Renunc Date	1990 High	1990 Low	Stock	Closing Price	+or -	Net Div	Times Cov'd	Gross Yield	P/E Ratio
–	F.P.	–	131	118	ABI Leisure 10p	130	-1	R4.7	3.3	4.8	8.5
–	F.P.	–	46	28	First Philippine Inv Tst	31		–	–	–	–
–	F.P.	–	22	10	Do Warrants	11		–	–	–	–
–	F.P.	–	14	6	Fisher (Albert) Wrnts	9	+½	–	–	–	–
500	F.P.	–	100	95	French Property Tst	99		–	–	–	–
–	F.P.	–	39	32	Do Warrants	38		–	–	–	–
†	F.P.	–	75	61	Golden Vale Ir1p	61	-7	u0158%	5.1	2.4	11.1
§81	F.P.	–	88	83	Intrum Justitia 10p	84		u1.75	2.5	2.8	13.9
100	F.P.	–	98	95	Jupiter Euro Inv Tst	98		–	–	–	–
–	F.P.	–	38	35	Do. Warrants	38		–	–	–	–
–	F.P.	–	£6	£5½	Latin Amer. Inv Unit	£5½		–	–	–	–
§108	F.P.	–	116	114	‡Levercrest 5p	114		R4.05	2.4	4.7	9.2
–	F.P.	–	44	35	Lucas Inds Warrants	37		–	–	–	–
§77	F.P.	–	85	77	M & W 10p	83		R2.2	2.9	3.5	9.3
–	F.P.	–	7	4	‡Oliver Res warrants	6	+1	–	–	–	–
–	F.P.	–	31	21	Paribas French B Wrrnts	28	+2	–	–	–	–
120	F.P.	–	130	100	Pittencrieff 10p	120		L2.3	1.8	2.6	15.4
§100	F.P.	–	102	95	Siam Select. Growth Tst	101	-1	–	–	–	–
–	F.P.	–	38	30	Do. Warrants	38		–	–	–	–
–	F.P.	–	43	35	Southend Prop Wrrnts	40		–	–	–	–
–	F.P.	–	3	1½	‡Tullow Oil Warrants	2½		–	–	–	–

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc Date	1990 High	1990 Low	Stock	Closing Price £	+ or -
101.73	F.P.	–	102¼	100	Anglian Water 5⅛pc Index-link Ln 2008	101⅞	-⅛
100p	Nil	–	2pm	½pm	BICC Cap Fin 10.75pc Cv Cap Bds 2020	½pm	-¼
100	F.P.	–	101	90	‡Bluebird Toys 12pc Cv. Uns Ln 2005	92	
‡	F.P.	–	87p	81p	European Leisure 8.75p (Net) Cv Rd Pf	81p	-2
100p	F.P.	–	115p	96p	Hepworth Cap Fin. 11¼pc Cv. Bds 2005	114p	+1
100p	25p	–	46½p	26p	Reckitt & Colman 9.5pc Cv Bds 2005	46½p	+1
242p	Nil	–	43p	23p	Tomkins Units Non Int Ln 6p	23p	-4
100p	F.P.	–	105p	95p	Wyndham Group 9.375pc Cm. Pf	96p	
–	F.P.	–	55p	35p	York Trust 8.5p (Net) Rd.Cv Pf 20p	46p	

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc Date	1990 High	1990 Low	Stock	Closing Price p	+ or -
390	Nil	17/8	130pm	113pm	Attwoods	130pm	+1
17	Nil	–	1½pm	1½pm	Conrad Cont. 10p	1½pm	
70	Nil	20/8	¼pm	¼pm	Electron House 10p	¼pm	
50	Nil	14/8	5pm	3pm	‡Expedier Leisure	3pm	
£50	Nil	–	300pm	100pm	Expl. Co of Louisiana	180pm	+5
150	Nil	6/9	23pm	20pm	Hogg Group	20pm	
37	Nil	14/8	4pm	¼pm	‡Northumbrian Fine Foods	1pm	
220	Nil	23/7	31pm	6pm	Ratners	10pm	
100	Nil	–	48pm	46pm	Stretchley	47pm	
250	Nil	–	32pm	29pm	Weir Group	32pm	+2

a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. q Earnings based on preliminary figures. s Dividend and yield exclude special payment. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. H Dividend and yield based on prospectus or other official estimates for 1989. K Dividend and yield based on prospectus or other official estimates for 1990-91. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1990. N Dividend and yield based on prospectus or other official estimates for 1989/90. Q Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. ψ Issued by tender. ‡ Offered to holders of ordinary shares as a "rights". † Introduction. § Placing price. †† Reintroduction. ♦ Unlisted securities market. ° Third Market. B Units comprising 11 new ord. & 2 warrants. ♦ Issued in connection with reorganisation, merger or takeover.

TRADITIONAL OPTIONS

- First Dealings July 2
- Last Dealings July 13
- Last Declarations Oct. 4
- For settlement Oct. 15

For rate indications see end of London Share Service.

Calls: Aviva, Burton, Grand Central, Premier, Trilion. Put & Call: Midland.

LONDON TRADED OPTIONS

Option		Calls Jul	Calls Oct	Calls Jan	Puts Jul	Puts Oct	Puts Jan
Alld Lyons (*489)	460	30	53	67	1	9	16
	500	4	29	44	15	24	30
	550	1	10	22	63	63	65
ASDA (*116)	100	17	20	23	1	3	5½
	110	8	13	17	1½	6½	9
	120	2½	7½	13	6	12	13
Brit. Airways (*219)	180	39	45	50	1	1	2½
	200	19	28	34	1	4	7
	220	3	14	22	4½	10	14
SmKl Beecham A (*556)	500	58	72	89	1½	6	10
	550	11	37	56	6	22	37
	600	1½	15	33	47	50	54
Boots (*282)	260	23	35	40	1	4	6
	280	5	20	30	4	10	13
	300	1½	12	20	19	21	23
B P (*328)	300	29	38	46	1	4	6½
	330	3	16	26	5	14	16
	360	½	6	–	33	33	–
British Steel (*140)	130	10	15	19	½	2	4
	140	2	9½	12	2½	6½	7½
	160	1	2½	5	21	21	22
Bass (*1092)	1000	95	135	156	1	8	19
	1050	45	95	117	3	19	31
	1100	13	65	87	17	32	47
C & Wire (*536)	500	38	63	83	1	10	15
	550	3½	31	50	19	29	34
	600	1	12	29	68	70	72
Courtaulds (*367)	357	13	–	–	1½	–	–
	360	–	29	41	–	12	16
	390	1	14	27	26	28	30
Com. Union (*514)	460	56	65	82	1	7	12
	500	17	35	57	3½	20	24
	550	2	16	30	38	38	48
GKN (*395)	360	40	47	60	1	6	9
	390	10	26	41	3	16	18
	420	1½	12	27	27	34	38
Grand Met. (*637)	600	40	62	88	1½	13	20
	650	5	34	57	16	35	38
	700	1	14	33	64	70	71
I.C.I. (*1168)	1100	70	97	142	1½	21	30
	1150	26	65	107	8	42	50
	1200	5	40	82	37	71	77
Kingfisher (*367)	300	68	78	87	1	3	5
	330	38	50	60	1½	7	10
	360	11	27	43	5	16	20
Ladbroke (*317)	280	37	50	57	1	3	6½
	300	18	35	43	1½	8	12
	330	3	16	25	16	21	24
Land Secur (*526)	460	67	84	97	1	4	5
	500	27	49	66	2	9	13
	550	1	21	37	26	32	36
M & S (*235)	200	36	44	50	1	2½	4
	220	16	27	34	2	5½	7
	240	2½	14	19	8	12	14
STC (*262)	240	23	35	47	1	9½	12½
	260	7	23	35	5	18	21
	280	2	14	26	19	30	31
Sainsbury (*291)	260	32	43	51	1	3½	5
	280	13	27	36	2	8	10
	300	1½	15	24	12	16	19
Shell Trans. (*466)	420	46	58	73	1	6	8
	460	9	28	45	4	18	20
	500	1	11	25	37	37	40
Storehouse (*130)	110	20	25	30	1	2½	5
	120	9	19	21	1½	5½	7
	130	3½	11½	15	5	9	11
Trafalgar (*284)	280	11	28	33	3	13	21
	300	2½	18	23	18	24	33
	330	1	8	13	47	47	53

Option		Calls Jul	Calls Oct	Calls Jan	Puts Jul	Puts Oct	Puts Jan
Utd. Biscuits (*358)	330	29	42	52	1½	7	10
	360	4	20	30	7	17	20
	390	1½	9	19	33	36	38
Unilever (*690)	650	43	67½	90½	2	9	14½
	700	3½	31½	57½	13	25½	32½
	750	2	12½	33½	63	63	64½
Ultramar (*338)	300	40	53	65	1½	5	7
	330	12	33	45	4	12	17
	360	2	16	29	25	27	30
Option		**Aug**	**Nov**	**Feb**	**Aug**	**Nov**	**Feb**
Brit Aero (*538)	460	87	95	–	1½	5	–
	500	50	65	85	4	14	18
	550	15	35	57	25	38	40
BAA (*444)	390	60	77	85	1	4½	7
	420	33	53	64	4	9	15
	460	9	27	42	22	25	28
BAT Inds (*634)	600	–	–	90	–	–	16
	637	20	40	–	16	25	–
	650	–	–	58	–	–	35
BTR (*429)	390	45	55	69	1½	6	11
	420	23	33	49	8	17	20
	460	4	16	29	35	41	43
Brit. Telecom (*311)	280	32	37½	45	2	4½	7
	300	13	24	31	6½	10	13
	330	2	9½	16	29	30	31
Cadbury Sch (*351)	300	56	65	78	1	3½	5
	330	30	42	56	4	10	12
	360	10	23	37	15	22	24
Guinness (*795)	700	104	125	155	2	5	8
	750	57	85	117	5	14	18
	800	26	53	84	21	31	36
GEC (*198)	180	21	30	36	1½	3½	6
	200	6½	15	21	7	9	12
	220	1½	6½	12	23	24	25
Hanson (*230)	220	14½	24½	27	2½	5½	9
	240	4	12	15	12	14	18
LASMO (*405)	390	–	–	57	–	–	18
	400	20	37	–	12	18	–
P. & O. (*627)	600	38½	52½	75½	5½	16½	21½
	650	9½	23½	46	28½	42½	45½
Pilkington (*205)	200	12	23	30	5½	8	11
	220	3½	12	19	18	19	21
Polly Peck (*436)	418	28½	51½	–	6	15½	–
	420	–	–	65½	–	–	22½
Prudential (*228)	200	31	35	43	1	2½	4½
	220	14	20	28	4	9	10
Racal (*205)	180	28	36	–	2	4	–
	200	12	21	29	6	11	12
R.T.Z. (*565)	500	65	80	100	2½	7	11
	550	22	45	67	13	20	27
Scot. & New (*347)	330	22	35	45	9	15	18
	360	4½	20	32	27	29	34
Tesco (*228)	200	32	36½	43½	1	2	3½
	220	13½	20½	28½	2½	5½	7½
Thames Water (*153)	140	14	14	18	6	8	11
	160	3	7	11	21	22	24
Water Hldg Ptg (*1605)	1550	60	100	180	110	110	160
	1600	35	80	130	160	160	190
Option		**Jul**	**Sep**	**Nov**	**Jul**	**Sep**	**Nov**
Ferranti (*35)	30	6	7½	9½	1	1½	2½
	35	1½	4½	6	1½	4	5
Lucas Inds (*157)	140	18	23	26	1	3½	5
	160	2	9	14	5	9	13
Option		**Aug**	**Oct**	**Dec**	**Aug**	**Oct**	**Dec**
Reuters (*1290)	1250	68½	110	152	18½	36½	50
	1300	38½	80½	123	40½	59	72½

Option		Calls Sep	Calls Dec	Calls Mar	Puts Sep	Puts Dec	Puts Mar
Abbey Nat. (*218)	200	24	29	35	3	7	9
	220	10	16	23	10	14	18
Amstrad (*67)	60	11	13½	17	2½	4	5
	70	5	8	11	6½	9	10½
Barclays (*408)	393	25	38	–	15	16	–
	420	–	–	33	–	–	40
Blue Circle (*239)	220	28	34	45	4	6½	9
	240	13	20	31	10	15	18
British Gas (*223)	220	7	15	19½	9½	12	12
	240	2½	6½	11	27	27	27
Dixons (*147)	140	12	19	23	7	7	10
	160	3½	9	13	19	20	21
Glaxo (*856)	800	85	102	129	10	22	27
	850	48	70	100	25	40	47
Hawker Sidd. (*548)	600	11	23	37	55	58	60
	650	4	12	20	105	105	105
Hillsdown (*277)	260	29	38	48	5	8	10
	280	17	26	37	12	15	17
Lonrho (*263)	260	–	–	32	–	–	18
	273	9	18	–	19	21	–
Midland Bk (*311)	300	24	35	43	16	18	22
	330	10	20	28	30	32	38
R. Royce (*226)	220	17	24	31	5	9	11½
	240	6½	13	20	16	20	21
Sears (*99)	90	14	17	20	2½	4	5
	100	6½	10½	14	5	8	9
THF (*293)	280	26	34	45	5	11	13
	300	13	21	34	14	21	23
Thorn EMI (*744)	700	69	92	–	11	16	–
	750	35	57	77	25	32	41
TSB (*142)	140	7	12	15	7	9	11
	160	1½	5½	8	21	23	25
Vaal Reefs (*73)	70	8	11	13	7	9	12
	80	3	8	10	12	16	18
Wellcome (*607)	600	43	64	85	25	34	40
	650	20	40	60	55	60	64

EURO FT-SE INDEX (*2371)

	2225	2275	2325	2375	2425	2475	2525	2625
CALLS								
Jul	177	131	87	51	26	12	5	–
Aug	205	160	123	86	60	39	24	–
Sep	223	–	145	–	83	–	43	20
Dec	287	–	214	–	153	–	102	67
Mar	325	–	252	–	200	–	145	107
Jun	368	–	298	–	237	–	184	140
PUTS								
Jul	6	9	14	28	55	90	132	–
Aug	15	20	30	46	68	959	129	–
Sep	18	–	33	–	70	–	124	200
Dec	30	–	50	–	83	–	127	183
Mar	52	–	77	–	99	–	135	183
Jun	54	–	72	–	100	–	134	178

FT-SE INDEX (*2371)

	2200	2250	2300	2350	2400	2450	2500	2550
CALLS								
Jul	197	150	105	63	32	16	5½	2
Aug	222	180	137	100	70	47	29	18
Sep	250	208	168	131	100	75	52	35
Oct	273	233	203	156	125	97	75	55
Jun †	383	–	313	–	248	–	192	–
Dec †	303	–	225	–	160	–	105	–
PUTS								
Jul	3	5	9	20	44	82	132	182
Aug	10	16	26	39	62	95	133	183
Sep	16	23	32	48	68	98	132	182
Oct	23	30	42	56	77	105	140	182
Jun †	53	–	77	–	112	–	160	–
Dec †	29	–	49	–	81	–	146	–

July 12 Total Contracts 32,535
Calls 20,375 Puts 12,160
FT-SE Index Calls 2,846 Puts 3,235
Euro FT-SE Calls 113 Puts 125
*Underlying security price. † Long dated expiry mths

Steel Burrill set to pay £12m for WS Moody

By David Owen

STEEL BURRILL JONES, the Lloyd's insurance and reinsurance broker, has agreed to buy WS Moody Holdings, an insurance broking group, for about £12m.

The move will further the group's strategy, implemented in 1988, of diversifying into businesses which are not subject to the cyclical pressures of its core marine reinsurance broking operation.

The consideration is to be satisfied by the issue to the vendors of some 4.2m new ordinary SBJ shares.

The deal is conditional on Moody's disposal, prior to completion, of its US retail insurance broking operations. In the year to March 31, Moody's non-US operations earned brokerage and commission income of £8.2m.

"Although Moody has not been very profitable", in the words of Mr David Beresford Jones, SBJ chairman, "we believe we will be able to cut its overheads significantly."

Cost-cutting efforts will entail discontinuing the London market operations of Hinton Hill & Coles, a Lloyd's insurance broker, and relinquishing the leases of Moody's premises in the City and Leatherhead.

Upon completion, Mr William Moody, managing director, will enter into a five-year consultancy agreement with SBJ.

Under the deal, Kleinwort Benson Securities has agreed to purchase or procure purchasers, on behalf of the vendors, for 2.7m of the new shares at 270p.

Moody has undertaken not to dispose of its remaining shares for one year without SBJ's consent.

Prior to the transaction, SBJ had 29.46m shares in issue. The shares dipped 3p yesterday to 281p.

Since launching its diversification initiative, SBJ has acquired H Stephenson, a Gravesend-based insurance broker for British industrial companies, and the Devitt Group, another insurance broker, for a total of up to £26.8m.

Contracting emerges to knock back Hawker

Charles Leadbeater reports on the extensive losses forecast at one arm of a grand British company

IN A group spanning from electric motors and batteries, aerospace components and sheep shearing equipment Hawker Siddeley's power station contracting business might well have remained in relative obscurity.

The company started acting as contractor on the development of power stations in 1978 to help secure outlets for its power generation equipment such as switchgear. Through most of the 1980s it chugged along with annual turnover of about £70m, less than 10 per cent of group sales last year of £2.1bn.

It emerged from obscurity yesterday with losses forecast of between £25m and £30m this year, which will help drag Hawker Siddeley's profits well below the £202m pre-tax profit for 1989.

What has gone wrong in the ill-fated contracting division? Are the problems confined to contracting or are they symptomatic of a deeper malaise within one of the grand old companies of British engineering?

For most of its life the contracting division was constrained to acting as an adjunct to the rest of Hawker Siddeley's power engineering businesses. It concentrated on relatively small contracts, which consumed a high proportion of Hawker Siddeley products.

In 1988 the business embarked on a change of direction. It attempted to become a significant contractor in its own right, bidding for larger contracts, in which Hawker Siddeley had little other involvement.

Dramatic growth ensued. By the early months of last year contracts had been won, mainly in Britain and the US, worth about £400m, having been outbid for a further clutch of contracts worth about the same amount.

But as the business grew, doubts began to emerge about whether its executives were up to the task of managing its rapid rise.

Three potential UK contracts became bogged down by delays, mainly due to uncertainty provoked by the Government's plans for electricity privatisation.

Mr Alan Watkins, the company's chief executive, expects only one of these contracts, for a power station at Corby, to be finalised this year. A contract in Pakistan has also been delayed.

However, the main problems surfaced in the US. These first appeared at the start of the year. In April, announcing results for 1989, Mr Watkins announced that the contracting business – after negligible profits in the previous four years – had slipped into a £6m loss. This was due mainly to opposition from environmentalists holding up projects.

By May the problems had deepened so far that an executive was sent to the US to examine the eight main contracts in detail. He found that the management had been over-optimistic about costs. On some of the contracts Hawker Siddeley has become involved in protracted wrangles with sub-contractors about cost overruns. Most damaging, the main contractor on two contracts had to be sacked in mid-stream and an alternative found.

Mr Watkins said: "Basically it has been a management failure. We got into a lot of contracts without adequate contract management procedures. They lost their way."

He is confident that the business will not present the same problems in future.

Top management has been changed, with the departure of the division's managing director, Mr Brian Page. A team of consultant engineers has been brought in to tighten up contract management. After the completion of most of the US contracts later this year Hawker Siddeley will not be tendering for any other big contracts.

At the very least these troublesome operations will be scaled down. But it is possible that Hawker Siddeley will decide to pull out of business, which sits uneasily with its manufacturing activities.

That decision will be taken within the next two or three months under a wide-ranging strategic review of the entire Hawker Siddeley group, which is due to be completed in October.

Alan Watkins: confident that the business will not present the same problems in the future

TRADING PROFIT BY SECTOR

	Year to December 31 1989 £m	1988 £m
Electric Motors	34.1	22.3
Electric Power	22.2	25.9
Instruments & Controls	29.5	29.8
Batteries	14.6	11.9
Aerospace	18.4	15.8
Rail	19.2	15.7
General Engineering	61.6	52.3
Continuing Businesses	199.6	173.7
Discontinued Activities	(1.2)	9.9
Total	198.4	183.6

As an indication of his thinking, Mr Watkins noted: "We have to know our strengths and weaknesses. The strength of Hawker Siddeley is not in contract management. Even specialists get into choppy waters in that sort of area."

The contracting business will not be alone in delivering a poor performance this year. Profits at the general engineering division, the largest with a turnover of about £509m, are likely to fall by 10 per cent to about £55m.

They have been hit by the downturn in the construction industry in Britain and Australia and the automotive industry in the US and the UK.

The deterioration in these sectors reflects poorer trading conditions rather than management mistakes. Analysts said they were confident that the troubles were confined to contracting and were not symptomatic of deeper management inadequacies within the group.

However the jury is still out on whether Mr Watkins can inject more focus and dynamism into Hawker Siddeley's sprawling operations.

The strategic review has been underway from the middle of last year. Many expected it to be unveiled in March. Instead the company regrouped its activities into a more comprehensible structure, to facilitate a more searching inquiry by external consultants.

Although it may be an anomaly within Hawker Siddeley the sorry tale of its contracting division will probably increase pressure on Mr Watkins to deliver a clear sense of the company's future in the autumn.

Depressed tin price pushes Geevor into red

Geevor ended the year to March 31 with losses of £1.43m due to the effects of depressed prices on its Cornish tin mine, which ceased production in February.

The company has decided to write down the tin mining assets, which are included in an extraordinary item of £4.06m. However, a decision has not been taken to finally close the mine, alternative schemes are being considered but much depends on the tin price.

The deficit for the last 12 months compared with profit of £10,000 in 1988-89. Turnover was up 44 per cent from £3.37m to £4.85m. After tax of £15,000 (£126,000) there was a loss per share of 6.52p, against earnings of 1.27p.

Mr Eric Grayson, chairman, said yesterday that theCosta Rica investment, in a gold mine containing 210,000 troy ounces, represented a substantial asset. In Pennsylvania, coal was being mined at an average of 21,000 tonnes a month and a good year was expected.

Mr Mark Wellesley-Wood, chief executive, is to succeed Mr Grayson as chairman.

WB Industries' results restated and qualified

By Nigel Clark

WB INDUSTRIES, the West Midlands-based maker of springs and presses, has had to restate its accounts, which have been qualified by its auditors and is being sued for £1.26m plus interest.

Most of the developments result from a series of property acquisitions undertaken by WB Estates, its property development offshoot, between November 1 last year and January 19. The company said in a statement when it announced its annual figures in May that two of them should have had board approval as they involved Mr Graham Avery, the chairman at the time.

The auditors' qualification is based on their inability to obtain all the information and explanations in relation to various property transactions and an unsubstantiated finders' fee which in total have resulted in losses of £1.47m.

In addition they add that they had been unable to determine whether the 1985 Companies Act requirements on the disclosure of transactions in which directors have a material interest have been met.

A further qualification relates to the writ taken out arising from a property transaction in Northumberland which may result in a liability.

The writ has been issued by the vendors for the balance of the £1.4m price. There was an initial deposit of £140,000.

As part of WB's attempts to undo the property purchases the company said that London & Suffolk Properties, a company controlled by Mr Avery, had agreed to take over the buying of the property. However, the vendors are still claiming the outstanding purchase price from WB Estates.

Directors felt the provision against a property in Sheffield should be increased by £185,000 to £1.91m. In addition to a £110,000 overstatement of the tax charge in the original accounts this resulted in an increase in the attributable loss from £2.7m to £2.78m.

The change to the tax resulted in a credit of £13,000, compared with the previous charge of £97,000. The resulting loss per share was lower at 5.44p, against 6.11p.

The shares closed at 14½p, down 1p on the day. There was a high of 93p in 1989.

BCPF may face minority holder dissent on Globe

By Nikki Tait

GLOBE INVESTMENT Trust, in which the British Coal Pension Funds last week acquired a controlling stake after a £1.11bn bid battle, yesterday recommended most of its shareholders to accept the offer.

But one Globe director, Mr Godfrey Chandler, made clear that he did not intend to accept on behalf of his own holding, although he fully supported the board's stance. Mr Chandler argued later that those private shareholders who faced large capital gains tax bills after accepting the bid, might decide that they could "afford the risk of remaining minority shareholders".

Mr Chandler, angry about the whole situation, stressed that any shareholder in this position should take professional advice first.

He also suggested that if BCPF started the legal process to take the Globe funds "in-house" he intended to petition the courts. "The courts are able to take into account the position of minority shareholders," he argued, "although I don't know that I shall do any good."

However, BCPF and its advisers dismissed this dissenting note, pointing out that all the other directors would be accepting the offer. They said that they were "very encouraged" by the broad, unanimous recommendation.

BCPF has already made clear that it is aiming to get control of 100 per cent of Globe; it needs to get to just over 93 per cent before it can mop up all the outstanding shares.

In its letter to shareholders, Globe stressed that it felt the final offer "substantially undervalues" Globe. However, it said anyone remaining a minority shareholder would have "no guarantee as the price he would receive or the marketability of his shares." Discounts on investment trusts with large majority shareholders tend to be abnormally large.

Globe said that the decision over whether to "accept the offer/sell for cash" option or "take the index trust/loan note alternatives" should depend on an individual investor's circumstances.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
Arlen	fin	3.3	-	2.2	3.3	3.3
Electron House	fin	3.1†	Oct 31	3.1	5.85	5.6
Flextech §	fin	1	-	-	-	-
Goring Kerr	int	5	Sept 12	5	-	15
Graig Shipping	fin	3	-	2.5	8.5‡	4
Jones Stroud	fin	5	Oct 12	5	8	7.5
Logitek	fin	2.6†	-	2.4	3.9	3.6
Nobo	fin	4.18	Oct 1	4.4	6.6	6.6
Peel	fin	7†	-	7	10	10
Priest(Benjamin)	fin	3.75	Sept 5	3	5.25	4.5
Rank Org	int	10.25†	Sept 24	9.5	-	30
Ransom (William)	fin	1.169	-	1.04	1.694	1.52
Tace	int	3.25	Sept 14	3.25	-	11
Torex Hire §	int	0.8	Sept 28	0.8	-	2.4
Welpac	fin	0.55	Aug 10	0.55	0.55	0.55

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. ‡Includes special dividend of 3.5p.

UK COMPANY NEWS

Higher interest charges prompt 45% fall at Peel

By David Owen

PEEL HOLDINGS yesterday became the latest property company to reveal a sharp turn for the worse in profitability as interest costs soared and the contribution from housebuilding activities fell.

The Manchester-based group's pre-tax profits for the year to March 31 slipped 45 per cent from £20.16m to £11.02m. Turnover, in contrast, more than doubled to £94.61m (£42.27m), buoyed by the January 1989 acquisition of London Shop.

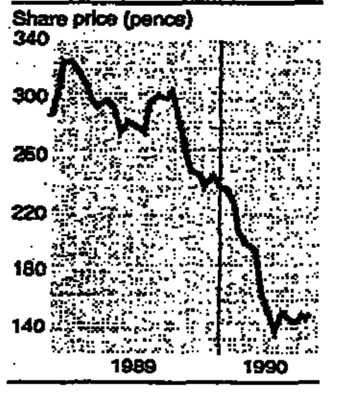
That £304m deal was preceded by a £121m rights issue which almost doubled the number of shares in issue. Basic earnings per share accordingly tumbled to 12.47p (31.32p).

The London Shop transaction also resulted in an increase in indebtedness which in turn helped to trigger a year-on-year rise to £55.04m (£15.31m) in interest payable. Year-end gearing was 106 per cent, with much of the debt borrowed at fixed interest rates.

In spite of the profits decline, an unchanged final dividend of 7p is recommended, making a total of 10p – also unchanged. Mr John Whittaker, chairman, said that the maintenance of the dividend at last year's level "underlines the continuing confidence of the board in the future of the company." However, "market conditions continued to deteriorate towards the year end", he said.

Peel Holdings

Share price (pence)



Shareholders' funds at March 31 were up 7 per cent at £367.7m, while fully diluted net assets per share advanced 8 per cent to 409p. The rise in net assets stemmed from a £36m revaluation surplus and came after making a provision of £3.76m against the carrying value of the group's East Anglia land bank.

Cash receipts from property sales totalled £103m, averaging 14 per cent over their previous book value. According to Mr Whittaker: "The sale of the smaller retail units from the London Shop portfolio proved particularly marketable."

In spite of these sales, the group's rent roll actually increased to £46.3m (£11.1m) on an annualised basis. By the end of the current year, rental income – bolstered by reversionary benefits – will be more than £50m and will more than cover interest costs, Mr Whittaker projected.

Following a decision not to engage in any new development schemes "except on the strictest of criteria", outstanding committed development expenditure at the year-end stood at £49.5m (£110.7m) and has continued to fall rapidly.

● COMMENT

Peel's shares have performed lamentably since the London Shop acquisition which increased its exposure to both interest rates and retailing at what has proved an inopportune moment. Notwithstanding yesterday's 3p advance to 149p, the price has now fallen to a level at which they appear endowed with distinct defensive qualities. For a start, the shares now stand at a princely 64 per cent discount to net asset value per share, against a sector average of nearer 40 per cent. The fact that the rent roll virtually covers the group's hefty interest payment obligations and that new developments are being shunned further augments the air of solidity.

Air UK trebles to £1.97m

By Paul Abrahams

AIR UK, Britain's third-largest airline, yesterday announced a three-fold increase in pre-tax profits for the year ending December 31 – from £601,000 to £1.97m on turnover up from £99m to £134m.

The privately-owned airline, in which KLM Royal Dutch Airlines has a 14.9 per cent stake, enjoyed buoyant demand last year, increasing the number of passengers transported from 1.3m to 1.8m. The airline said that its substantial operations in the North Sea had been helped by the improvement in the oil market.

The company said charter traffic in its leisure division had held up remarkably well given market conditions. The charter division broke even last year.

Mr Stephen Hanscombe, managing director of Air UK, said he was already seeing strong signs of a recovery in the leisure market and that the prospects for 1991 were far better than 1990.

The airline admitted it was trying to keep down its cost base. High interest rates – which have affected the cost of aircraft ownership – air traffic control fees, airport landing charges, and the cost of staff have all increased, according to Mr Hanscombe.

He said the company planned to increase the frequency of operations from Stansted Airport, the airline's main base, once the new £400m terminal opens next March. Until then Stansted would remain a regional airport, but it would be transformed overnight once the terminal opens. The airline is also looking at possible additional routes, he added.

Last week Air UK announced it was acquiring seven BAe 146 jets to add to its existing fleet of nine BAe 146s. The new jets will be financed by a mixture of operating and finance leases. Mr Hanscombe said the airline was also considering acquiring additional aircraft in 1993.

● The sale of Capital Airlines, the airline division of Brown Group International, the Yokshire-based construction company which went into receivership, was delayed yesterday for technical reasons, and is expected to be signed tomorrow.

Bright outlook at Marks and Spencer

By Maggie Urry

LORD RAYNER, chairman of Marks and Spencer, told shareholders at yesterday's annual meeting that the group "had no need to join the list of retailers forecasting disappointing results."

The shares rose 2½p to close at 234½p.

Lord Rayner also announced he planned to retire next March, and will be replaced as chairman by Mr Richard Greenbury, the chief executive officer.

Lord Rayner said: "Unlike the rest of the high street, our summer sales have not yet begun and our control of stock and our policy of clearing slow selling merchandise as we go puts us in a strong position."

He said that unseasonal weather in June had depressed demand for summer fashions. This has affected other retailers such as Burton and Etam which have issued profit warnings.

Lord Rayner said that at M and S "substantial" sales gains were being made by the lingerie, socks and underwear departments, while childrens' wear was making "good increases" and babywear "in the cautious language of M and S is achieving spectacular gains". However, furniture sales were slow in high street stores, though were performing well in the non-high street stores.

He said the group would invest over £350m this year opening new shops in the UK. In Europe he hoped to have 40 shops within five years, up from 11 at present. He predicted that North American sales would this year reach £500m. Sales through the four stores in Hong Kong were nearly £500,000 a week. Japanese sales were running 30 per cent higher than last year.

Lord Rayner fielded questions about his and the directors pay. One shareholder asked why his remuneration rose by 46 per cent to £619,961, while the dividends had risen by 14 per cent. He asked "I wonder what you have got against us?"

Mr Denis Lanigan, a non-executive director who chairs the remuneration committee, said that a performance related bonus scheme had been introduced in 1988. In 1988-89 the directors had not reached the targets necessary to get the bonuses, but in 1989-90 they had.

Lord Rayner said that M and S executives were frequently approached by head hunters and offered more money to go elsewhere. M and S had to pay a rate which reflected what executives could get in the market. He said he was himself paid less than the chairmen of top companies, despite M and S being the most profitable retailer in the UK and Europe.

Waterford Foods

Waterford Foods, the Irish group, has acquired Western Cheese, a Wiltshire-based cheese packer, for an undisclosed sum.

Trevor Humphries

Ian Hay Davidson (left) and Michael Julien – a harsh retail climate does not excuse mistakes and management weakness

Storehouse likely to fall in first half

By Nikki Tait

STOREHOUSE, the ailing retail group which includes the BhS, Habitat and Mothercare chains, has warned shareholders that its first-half figures for 1990-91 "would do well" to match those of the previous year.

However, having swallowed that news, the 100-odd shareholders who turned up for a hot and lengthy annual meeting in the City yesterday, also heard Mr Ian Hay Davison, the group's new chairman, say that he was "optimistic about the out-turn for the full year, with the trends pointing towards further progress to come".

That, hedged Mr Hay Davison quickly, was "cautious optimism", but it was based on the recent strengthening of both financial controls and management, cost-cutting measures, and "some encouraging sales trends". Storehouse shares ended the day 3p higher at 129p.

Not that the new chairman was anything but blunt about the past year's performance. "Far from satisfactory" was his description of the figures, which included a drop in operating profits from £63m to £39.2m, adding, "it is little comfort to know that we once feared they might be even worse."

"A harsh retail climate," he continued, "does not excuse mistakes and management weakness."

But if Mr Hay Davison was talking tough, private shareholders were unforgiving. For a solid hour, they expressed their general unhappiness at the group's recent results.

The topics varied, from directors' salary levels and pay-offs, to the future policy for BhS. One shareholder even reintroduced the notion of splitting the company into three separate entities, while another suggested that a quarter of directors' remuneration should be in the form of Storehouse shares, giving them a vested interest in the stockmarket performance.

He won warm applause for the suggestion – albeit impractical. Mr Hay Davison pointed to share option schemes, but added that the "point was well taken".

Even the increase in the auditors' fees – up from £400,000 to £500,000 – came under attack, with comparisons drawn with the charges faced by some significantly larger groups. "I'm glad you said that in the presence of the auditors who are sitting in the front row, quivering in their shoes," remarked Mr Hay Davison tartly. The matter, he added, was being looked at.

Time and again, Mr Hay Davison and Mr Michael Julien, Storehouse's chief executive, stressed that steps needed to improve management had been taken but that shareholders would have to be patient. Plainly, not everyone was convinced: when votes came to be taken on the various motions, a smattering of dissenting hands were raised on virtually every count.

As for Sir Terence Conran, Storehouse's founding force but now a non-executive director, he simply sat silent and unsmiling throughout – fiddling with a handkerchief as his former empire was verbally dissected.

Tough meeting ahead for AFI chief

By Andrew Hill

MR JOHN SCHOLES, who fought off challenges to his position as chairman of Amalgamated Financial Investments last year, is likely to face further tough questioning at a meeting of the company's shareholders this morning in Claridges, the London hotel.

Shareholders have been asked to approve AFI's transformation from an investment company into a minerals group. The group wants to buy two North Wales collieries and just over half of Sacramento Resources, a gold-mining company, for £3.6m cash.

AFI bought the other half of Sacramento for £2.4m in December and would have to issue 12.8m new shares to buy the minerals companies, giving some of the vendors a stake in the enlarged group.

Mr Rupert Pearce Gould, one of three dissident shareholders who tried to win control of the AFI board last year, said yesterday he and his colleagues wanted to question Mr Scholes about the background to the formation and acquisition of Sacramento.

If the AFI wins shareholder approval, it hopes to sell most of its existing investments at a loss of £1.7m and will apply for permission to be relisted as a mining company. Its shares were last month suspended at 6p when the outline plans for the acquisitions were first announced.

Arlen drops to forecast £0.5m

Arlen, the electrical components group which has recently merged with Highland Electronics Group and whose name it will assume, saw pretax profits plunge to £511,000 in the year to end-March. In May it forecast profits for the year of not less than £500,000.

The fall from £1.65m came in spite of a rise in turnover from £18.03m to £20.57m. There was an extraordinary loss of £330,000 (£71,000). Dividend for the year remains at 3.3p with a proposed final of 3.3p (2.2p).

RUG likely to seek de-listing within three months

By Andrew Hill

REALLY USEFUL Group, Mr Andrew Lloyd Webber's stock market vehicle, is likely to seek a de-listing within the next two or three months. Yesterday, the composer also announced board changes.

According to Mr Lloyd Webber's advisers, the composer is now happy to co-exist with Mr Robert Holmes à Court. The Australian businessman is RUG's largest minority shareholder, with 6.61 per cent. Jorraban – vehicle for Mr Lloyd Webber's buy-out – controls over 90 per cent.

Mr Lloyd Webber, chairman of Jorraban and a director of RUG, yesterday named Mr Patrick McKenna, a partner of Touche Ross, the accountant, as chief executive of the two companies. Mr John Whitney, RUG's managing director, has stepped down from executive responsibilities and will be non-executive chairman.

UK COMPANY NEWS

Logitek up 39% to £3.8m

By Alan Cane

A DETERMINED move away from product distribution into computing services paid off for Logitek in the year to March 31. Sales at the Greater Manchester-based group more than doubled to £59.58m and pre-tax profits rose 39 per cent from £2.75m to £3.83m

The costs of rationalising acquisitions, however, held earnings growth to only 6 per cent, from 15.28p to 16.27p per share. The recommending final dividend of 2.6p makes a total of 3.9p (3.6p), up 8 per cent.

Logitek, now 11 years old, started as a distributor of Unix-based Altos computer systems and expanded into distributing a wide range of computer products. Mr James Pickup, managing director, said the company became concerned a year ago that 90 per cent of sales were coming from distribution, but only 74 per cent of profits.

It embarked on an aggressive series of takeovers with the aim of establishing a 50-50 balance in sales between distribution and computing services. Last year it acquired the Advansys group of companies and Microtex and since the year-end has also acquired Focalpoint Engineering from Tetra Computing Services and Microdrive, a computer company providing services to the newspaper and publishing industries.

Mr Pickup said the group now derived 30 per cent of sales from services, but 45 per cent of profits. The group was now made up of three divisions, distribution, services and training and end-user business.

Mr Pickup said the group performed well in a year of increased competition throughout the computer sector.

James Pickup: services now put in 45 per cent of profits

Ex-Hibs chief buys 4% of equity

By James Buxton, Scottish Correspondent

ON THE eve yesterday of the second closing date for Heart of Midlothian's £6.1m bid for rival Edinburgh football club Edinburgh Hibernian, the latter's position appeared to be strengthened when Mr Kenny Waugh, a former chairman of Hibernian, announced he had bought 600,000 shares in the company, amounting to 4 per cent of the equity.

Mr Waugh said he supported the Hibs board's attempt to fight off the bid.

Last week, Hearts secured acceptances for 64 per cent of Hibs' equity. However, it needs to gain 75 per cent in order to pass resolutions to merge the two clubs and dispose of Hibernian's assets.

The Hibs camp yesterday saw Mr Waugh's stake, which he is believed to have acquired from an institution, as consolidating its position. Rather more than 25 per cent of Hibs shares are thought to be in hands favourable to the independent survival of the club.

Mr David Duff, chairman, is believed to have 11 per cent of Hibs shares, while Mr Tom Farmer, chairman of Kwik-Fit, has 5.2 per cent, and Mr George Harrison has 2.3 per cent. A further 10 per cent of the equity is believed to be in the hands of Hibs supporters opposed to independence.

Hearts' offer, which last Friday was extended for a week, expires today at 3pm.

Mr Waugh said he looked forward to seeing constructive proposals for the future of Hibs.

Tace static at £1.72m as Goring Kerr falls to £1.4m

Tace, the control equipment company, reported virtually static pre-tax profits of £1.72m in the six months to March 31, while Goring Kerr, its 51.1 per cent-owned quoted process control equipment subsidiary, sustained a 9 per cent fall to £1.42m in the same period.

These results follow the announcement in May that the companies were being put up for sale, either as a whole or in "unbundled" parts.

At that time the managers from Tace were considering a buy-out.

Since then, a number of parties representing interests in North America, the Far East, the UK and other parts of Europe have expressed interest via Hambros Bank, Tace's adviser over any possible sale.

Tace's fractional advance from £1.71m was struck on sales 7 per cent ahead at £17.62m (£16.46m), which included a £1.21m (£3.69m) contribution from discontinued businesses.

Trading profits in environmental monitoring rose to £1.69m (£1.15m), though those of product monitoring slipped to £1.5m (£1.64m).

Other activities turned in losses of £86,000 (profits of £47,000).

Earnings were 5.75p (5.61p) per share and the interim dividend is maintained at 3.25p.

At Goring Kerr, turnover rose 4.5 per cent to £7.24m (£6.92m), with trading profit down at £1.48m (£1.6m). Interest took more at £55,000 (£37,000).

Earnings fell to 11.5p (13p) per share and the interim dividend remains unchanged at 5p.

US losses hit Electron House

ELECTRON HOUSE, which markets and distributes computer and electronic systems and components, saw sales rise 41 per cent to a record £129.69m for the year to May 31, but because of high interest costs and problems with its associated US company, taxable profits slipped to £4.03m from £4.82m .

Mr Robert Leigh, chairman, said because of the £687,000 losses of its US company a merger of that company would be sought. A provision of £1.3m had been made against the value of the company's remaining investment and inter-company debt, and this was shown as an extraordinary item.

In June, Electron House raised some £5.1m via a two-for-five rights issue. The proceeds have been used to reduce borrowings.

Mr Leigh added that the growth of the computer companies was expected to continue, although at a slower rate, while in the component market it was widely forecast that the demand for memory components would grow.

The year's results would also be improved by a saving in interest costs as a result of the rights issue and the exclusion of the losses from the US arm.

An unchanged final dividend of 3.1p is recommended, making a total of 5.85p (5.6p) for the year. Earnings per share worked out at 11.97p (17.35p) or 11.76p (16.14p) fully diluted.

Ben Priest declines 3% to below £8m

BENJAMIN PRIEST, the specialist engineer, saw taxable profits fall 3 per cent from £8.19m to £7.92m in the year to end-March. Sales improved 8 per cent from £101m to £108.16m.

The core specialised components division advanced its contribution 16 per cent to £3.53m (£3.03m) on turnover of £44.6m (£38.65m).

Marine products operating profits fell to £2.7m (£3.12m) on turnover of £26.41m (£24.6m) due to a decline in the US market affecting demand for Lewmar standard winches.

The fall in engineering services' profits to £2.1m (£2.35m) from increased sales of £37.16m (£31.97m) was attributed principally to the depressed housing market.

The higher tax rate of 31.5 per cent, following the end of tax reliefs, held earnings per share to 13.54p (14.61p).

The final dividend of 3.75p makes a total of 5.25p (4.5p).

Colorgraphic placing

By Vanessa Houlder

COLORGRAPHIC, a USM-quoted printer of direct mail material, yesterday announced a £5.22m placing and open offer to help finance a planned West German acquisition.

The cash will also reduce its gearing, which stood at 56 per cent at the year end, and help it meet outstanding profit-related payments for acquisitions.

Mr Nick Winks, chairman, said the maximum payment required by these earn-out agreements was £22.7m, although he expected just 20 per cent of this to be paid.

A German acquisition would add to Colorgraphic's total of 9 companies located in the UK, the US and the Netherlands. Mr Winks said the company was moving into markets where there were few specialists in direct response.

Albert E Sharp has conditionally placed 2.64m shares at 203p each, subject to recall for the purposes of the open offer.

Colorgraphic's share price fell from 222p to 215p after the announcement.

Directors of Colorgraphic, who beneficially own 5.12m shares, representing 38.8 per cent of the capital, said they would not subscribe for shares in the offer, in order to increase the marketability of the shares.

Flextech almost doubles to £5m

Baby Huey, Buzzy the Crow and Casper the Friendly Ghost are to play their part in the future development of Flextech, the USM-quoted oil industry services company.

HIT Communications, in which Flextech acquired a 30 per cent stake at the beginning of the year, has acquired the rights to represent the animated characters throughout the world, apart from the US and Canada.

In the year to the end of March group pre-tax profits almost doubled to £4.95m (£2.58m) continuing the trend of improving profitability seen at the interim stage.

Turnover rose 23 per cent to £31.51m (£25.59m). After tax of £2.01m (£1.32m) earnings per share worked through at 11.2p (4.78p) basic or 10.21p fully diluted.

The proposed final dividend of 1p, the first paid, compares with a forecast of 0.75p at the interim stage.

NEWS DIGEST

Jones Stroud down 12% to £6.2m

JONES STROUD's profits warning made in January has been borne out with a 12 per cent decline in the year to March 31. This maker of accessories and materials for the textile and electrical industries, saw taxable profits decline from £7.1m to £6.22m on turnover up 3 per cent from £58.69m to £60.34m.

Trading profit of £5.92m compared with £6.69m and interest received fell to £307,000 (£415,000). Tax took £2.08m (£2.5m).

Last year an extraordinary credit put in £2.14m. Earnings per share came through at 21.82p (24.28p).

As forecast, the final is maintained at 5p for an increased total of 8p (7.5p).

Nobo loses ground after difficult year

A "difficult and unpredictable trading year" was experienced by Nobo Group, the Sussex-based office and business products supplier.

In the 12 months to April 30, taxable profits amounted to £1.92m, a decline of 34 per cent on the previous year. Directors blamed the fall, incurred after interest charges of £771,000 (£346,000), on increased raw material and subsidiary integration costs.

In contrast, turnover expanded 24 per cent to £25.92m (£20.96m), with Nobo Visual Aids, the main offshoot, accounting for 60 per cent.

Earnings per 10p share emerged at 11.65p, down from 17.24p last time, but the total dividend for the year is maintained at 6.6p via a proposed final of 4.18p (4.4p).

Interest charges reduce Torex Hire

A jump from £82,000 to £205,000 in interest charges resulted in reduced profits at Torex Hire in the six months to April 30.

This USM-quoted tool and small plant hirer saw taxable profits fall from £334,000 to £288,000 on sales up 25 per cent to £2.48m (£1.99m).

The interim dividend is again 0.8p on reduced earnings per share of 1.91p (2.49p).

Graig Shipping cruises to 22% rise

Graig Shipping, the freight and fuel distribution group, lifted pre-tax profits 22 per cent from £2.81m to £3.42m in the year to March 31.

This rise was struck on turnover ahead 62 per cent to £36.72m (£22.61m). Trading profits climbed to £3.4m (£2.18m) and the losses from shares in related companies was reduced to £75,000 (£470,000).

This year there was no realised profit from a ship sale (£871,000) and depreciation was up some £100,000 at £646,000.

The extraordinary debit was down at £170,000 (£613,000) and earnings before this were 22.1p (20.9p) per share and after 20.4p (14.8p).

Directors recommended a final dividend of 3p (2.5p) on the ordinary and A ordinary shares to make a total of 8.5p (4p) for the year. This includes a special dividend of 3.5p.

Welpac drops 37% on DIY downturn

Welpac, the USM-quoted hardware, DIY and electrical products packager and lighting manufacturer, saw taxable profits fall 37 per cent to £364,000 from £981,000 for the year to January 31.

Sales also declined to £10.86m (£11.03m), mainly because of the depressed demand in the DIY and lighting sectors, higher material and labour costs and the re-merchandising of two major products of Welpac Hardware.

Although earnings have dropped to 1.11p (2.39p), an unchanged dividend of 0.55p is recommended, with the directors expressing confidence in the underlying strength of the group.

Operating profits fell to £340,588 from £1m, while interest receivable declined to 38,915 (65,699). Sales at Welpac Hardware totalled 8.23m (8.06m), while at Shawe Group the figure was £2.63m (£2.97m).

COMPANY NOTICES

COMMODITIES AND AGRICULTURE

Lessons drawn from 'mad cow' scare

By David Blackwell and Bridget Bloom

THE EUROPEAN Community has to find more equitable ways of resolving trade disputes such as those that arose over the so-called "mad cow" disease and the safety of British beef, a committee of UK MPs said yesterday.

The Agriculture Select Committee of the House of Commons gave a clean bill of health to British beef although it recommended additional measures to control and monitor the disease – bovine spongiform encephalopathy.

However, it expressed concern that following last month's ban on imports of British beef by France and West Germany and the resolution of the problem at a subsequent meeting of farm ministers, a two-tier market for beef had been created in Britain.

This was both inequitable and objectionable because it created a temptation not to report cases of BSE and a public perception that some forms of beef were safe for British consumers and unsafe for European ones, the report said.

EC farm ministers agreed last month that the French and German bans, allegedly for health reasons, would be lifted provided that UK beef for export was certified as "not from holdings in which BSE has been confirmed in the previous two years."


John Gummer: "Robust and level-headed"

This, says the report, introduced the concept of "the BSE farm", which had not featured in UK domestic measures. It also exposed "a clear difference of perception between 'the best scientific advice in London' and 'the best scientific advice in Brussels,'" which would damage consumer confidence in the long term.

The committee called on the UK Government to seek ways of eradicating these anomalies with EC authorities. The Government must also find some effective means to compensate farmers and traders penalised by the settlement, it said.

Mr John Gummer, UK Agriculture Minister, was right to make concessions, as the alternative of taking countries the countries concerned to the European Court of Justice would have taken far too long.

However, the MPs said, "we hope that the episode will concentrate minds in Brussels on how to avoid a repetition of such situations by finding an urgent procedure for resolving them equitably."

On the purely domestic front, the committee commended Mr Gummer for his "robust and level-headed" stance in basing his measures to control the disease on scientific advice. But he could "paint himself into a corner" by sticking too rigidly to scientific advice, the MPs warned. He should sometimes go beyond such advice "whether for political, commercial or other reasons."

But the committee did not recommend a statutory ban on breeding from the offspring of BSE-infected cattle – a course of action ruled out by Mr Gummer on scientific advice*, despite political pressure. The committee said that farmers should be discouraged from such breeding. If they did so, and offspring subsequently developed BSE, "they should not qualify for compensation."

The committee also addressed "the serious knock-on effects in the meat industry" of the BSE crisis, which had affected farmers, abattoir owners, wholesalers, retailers, renderers and compound feed producers. Demand for beef had fallen by 25 per cent at the height of the scare.

Particularly hard hit were the renderers, the processors of animal offals and other wastes. The offal bans and the ban on the use of animal protein in cattle feed had left them with no market for their products. The MPs noted that "the implications of this are extremely serious and should be addressed by the Government as a matter of great urgency."

Agriculture Committee. Fifth Report. To be published as House of Commons Paper 449. HMSO.

**The Minister's advice came from a committee headed by Dr David Tyrrell. Its full report on BSE and breeding was also published yesterday, by the Ministry of Agriculture.*

Lords allow Spaniards to resume UK fishing

SPANISH OWNERS of more than 60 fishing vessels have won their legal battle to be allowed to resume fishing against British quotas, pending a final ruling on their rights by the European Court.

Five law lords who heard the case have written a letter to both sides saying it has been "decided in principle" that an interim order should be granted in favour of the Spaniards.

The order will effectively suspend new registration provisions imposing strict domicile and residence conditions introduced by the Government in the 1988 Merchant Shipping Act and designed to protect the interests of the home fishing industry.

A final ruling on whether the Act contravenes European law is not expected for about a year.

Last month the European Court ruled the law lords could grant an order which would have the effect of suspending an Act of Parliament in a case where rights under community law were in issue.

That decision put the law lords in an unprecedented situation and sparked off a row in the House of Commons.

The Spaniards' application was vigorously opposed by Mr Cecil Parkinson, the Transport Secretary.

His counsel, Solicitor General Sir Nicholas Lyell QC, warned that an "armada" of other vessels could be waiting to take advantage of a favourable decision.

Strict catch restrictions might have to be reintroduced if a large number of Spanish-owned vessels were allowed to resume fishing, he said.

The final terms of the order and the formalities of passing it through the House of Lords have still to be completed. The law lords – Lords Bridge, Brandon, Oliver, Goff and Jauncey – have asked both sides to try to agree the terms of the formal order.

If no agreement is reached it may be necessary to have a further short hearing.

East Germany seen adding 5m tonnes of grain to world market

By Nancy Dunne in Washington

THE ADDITION of East Germany to the European Community could result in an additional 5m tonnes of grains being put on the world market in just a few years, according to the US Department of Agriculture.

A report produced by the department's Foreign Agriculture Service projects that, if East German production increases to West German levels, a rise of some 20 per cent, then the region could well become a net exporter.

It now imports between 2m and 3m tonnes of grains a year, but inducements provided by the EC's common agricultural policy along with an infusion of western technology, capital and entrepreneurial spirit could result in a surplus for export of almost 3m tonnes being available.

Currently, East German support levels for grains are higher than those offered under the CAP. However, planting and type of grains has been highly controlled by government decree.

The composition of the East German agricultural sector is likely to shift under the CAP. Wheat and barley will supplant much of the land on which low yielding grains, like rye and oats, are planted, the report says.

Land planted for potatoes is 60 per cent greater in East Germany than in West Germany. Some of this is also likely to be shifted to grain production.

Meanwhile, East German domestic consumption of grains is expected to fall sharply, with a shift from animal feed compounders from grain to non-grain feed ingredients. East German farmers now use about 70 per cent grain to manufacture their feeds, while their counterparts in West Germany use only 20 per cent.

The department says there will be less overall use of compound feeds as red meat and dairy consumption decrease in response to higher consumer prices.

In a focus on China, the Foreign Agriculture Service predicts that strong demand will continue for wheat imports.

Although per capita demand has stagnated over the past six year, population is increasing at a rate of about 15m per year. This creates a demand for an additional 1.5m tonnes of wheat annually.

The loss of arable acres to industry and soil erosion as well as a continued use of land for more profitable cash crops has impeded the Chinese Government in its attempts at stimulating additional wheat production, the FAS says.

Philippines coconut sales squeezed by Indonesia

THE PHILIPPINES' coconut industry is being hurt by Indonesia's increasing inroads into the world tropical oil export business, according to industry leaders, reports Reuters from Manila.

They say that while Philippine coconut oil export volume has continued to rise due to higher production, prices have dropped sharply because of competition from both palm oil and coconut oil exports from its south-east Asian neighbour.

The Philippines accounts for more than 70 per cent of world trade in coconut oil.

Mr Jess Chua, president of the Coconut Oil Refiners Association, said Indonesian moves had resulted in a buyers' market for coconut oil, which was hurting Philippine exporters.

"Indonesia is now a close competitor because they are not only into coconut oil but also into palm oil. The industry has developed so fast, it is really a force to reckon with," he said.

Yvonne Agustin, executive secretary of the United Coconut Association of the Philippines, a confederation of various coconut trade groups, said: "Competition from Indonesia is one big threat."

World coconut oil prices dropped to $325 a tonne in June from $554 a year earlier, UCAP data showed.

Philippine exports of oil and other coconut products rose to 921,115 tonnes in copra terms in the first six months of the year compared with 634,557 tonnes in the year-earlier period, UCAP said.

Value fell to $265.4m in the first half of this year, down from $269.2m in the same period last year, it said.

Chua said cut-throat competition between local coconut oil exporters has prevented the industry from formulating a common export strategy. He said some form of regulation was needed to put some order in the industry.

Zambian copper problems denied

SENIOR MANAGERS of Zambia Consolidated Copper Mines yesterday dismissed reports of production problems which analysts said had contributed to this week's surge in copper prices, writes Mike Hall in Lusaka.

Stories that Zambian output had been affected by electrical and transport problems were "groundless", said Mr Steve Harapiak, ZCCM's operations director. "We're right on target."

A transformer had failed several weeks ago at a furnace at Mufulira but it had been repaired, was back on site and would be operational within a week. The failure had led to a build-up of concentrate but this was not expected to affect overall output, Mr Harapiak said. The Mufulira smelter accounts for about a third of all production.

ZCCM's output rose from 415,000 tonnes in 1988-89 to 448,000 tonnes at the end of March this year. The company expects to produce about the same amount in 1990-91.

China's cautious grain market plan

A special correspondent looks at the cash delivery experiment

IN AN experimental step, China is planning to open a cash delivery market for wheat to ease its grain distribution problems, according to Chinese officials and western observers.

The first market of its kind in China, it will not use the conventional trading methods of western futures markets. "It's experimental," one western diplomat said. "It will work as a grain transfer system. Whether it will go from there to follow futures practices is uncertain."

Scheduled to open in Zhengzhou, in Henan province in central China, in September, it will initially handle about 6m tonnes of domestic wheat from neighbouring wheat producing provinces, including Anhui, Shandong and Hebei. Participants will initially be limited to about 300 provincial grain trading bureaus. Individual speculative traders will not be allowed to participate.

The Chinese still view speculation as profiteering and a capitalist concept that does not conform with communist ideology. In marked contrast, speculation about the price of commodities forms the basis of a western futures market, where delivery of the physical commodity is rare.

The Zhengzhou market will operate on a strictly cash-for-delivery basis, with a maximum three-month contract. With no storage facilities and poor transportation in China, it will serve as the clearing house for wheat deliveries in other provinces. Prices will be allowed to fluctuate, but only within specified ranges.

"This is not meant to be a free market," one western diplomat said. "The Chinese will set bounds on the price ranges."

The Ministry of Commerce, which is establishing this market, hopes it will help to resolve two pressing agricultural issues. Transportation, in particular shipping grain, is a major problem in China, and this market is aimed at making grain transfer more efficient by centralising information.

It is also aimed at reassuring farmers that they will not be subject to drastic fluctuations in the price of wheat. "It provides a certain signal to farmers that they have some idea where prices are settling in," one western diplomat explained.

Analysts say there are still some problems with the market. It remains unclear, for example, how such a short-term contract could aid farmers' crop planting decisions, which normally must be made many months or even a year ahead of harvest.

In addition, the scope of the market will be limited. With grain production of about 91m tonnes last year and additional imports of 12m to 15m tonnes, it will only account for a small portion of the country's overall harvest.

China's wheat is currently distributed throughout the country after the State Planning Commission and provincial officials hold annual conferences to determine grain allocation. Much wheat is consumed locally. The new market will provide a third alternative means of obtaining domestically grown grain.

Wheat imports are handled by the Cereal, Oil and Foodstuffs Import and Export Corporation, which buys wheat on behalf of provinces and municipalities and reports to the Ministry of Foreign Trade.

However, the market's impact on grain imports is expected to be minimal, because Peking bases its grain purchasing decisions on the country's production and what additional wheat it needs to feed its own population.

Western diplomats said another uncertainty about the market would be whether the Chinese would implement a grading system for the wheat, a standard practice on western futures markets.

The Chinese currently do not grade their wheat but different wheats have different uses and analysts expect that there will be pressure to institute a grading system to ensure that buyers receive the kind of wheat they want.

"This market may have a spin-off effect," according to one western diplomat. "It will be interesting to see whether they start their own grading system. You want to have what you think you paid for."

China's decision to open a cash delivery market comes after a long delay. Originally planned to begin in 1988, it was held up by the Government's austerity policy and other economic difficulties, according to the official English-language China Daily.

During that time, Chinese research economists obtained a memorandum of understanding with the Chicago Board of Trade to study futures trading and train Chinese dealers and managers in futures markets. The CBoT is also believed to have advised the Chinese about how a futures market actually works.

If this market is successful, the Chinese hope to open similar markets for other commodities in other provinces, such as trading in pigs in Sichuan, rice in Wuhan, maize in Jilin and cotton in Shandong. But whether these will eventually evolve into real futures markets remains an open question.

Optimism grows ahead of Opec meeting

A NEW output pact on which oil ministers of the Organisation of Petroleum Exporting Countries are working should, if implemented, halt this year's dramatic slide in prices and might restore them to a cartel goal of $18 a barrel by the end of the year, according to industry officials, reports Reuters.

Average spot prices have sunk to about $14 a barrel since January under the weight of excess Opec supply and a surplus of stocks which this has created.

Opec meets in Geneva on July 25 and key ministers have been working on possible new output curbs ahead of the conference. Most recently, ministers of Saudi Arabia, Iraq, Kuwait, the United Arab Emirates, and Qatar met in Jeddah.

Gulf observers say they worked on proposals designed to cut Opec output to a new overall ceiling of about 22.5m barrels a day from actual volume now of 23.1m b/d or more.

The ceiling would apply until prices were back to the $18 target. Only then, and if demand warranted, would Saudi Arabia, Kuwait and the UAE resume pressing demands for a reallocation of Opec quotas in their favour. The ambitions of these big producers to sell more oil have caused the crisis in the 13-nation cartel.

They also pledge that there will be no more quota violations of the kind which caused the present glut.

Saudi Arabia cut back to its quota in May. But Kuwait and the UAE have been slow to reduce their production.

● Growing optimism about the Opec meeting has helped to lift North Sea Brent crude prices by 90 cents a barrel in the past three days. With a Rio de Janeiro refinery explosion providing further impetus the August delivery price gained 20x cents yesterday to $16.50 a barrel.

WORLD COMMODITIES PRICES

MARKET REPORT

GOLD RESUMED its downtrend on the London bullion market yesterday with the price ending at $351.75 a troy ounce, down $2.50 on the day and $9.50 on the week so far. Dealers said the fall was influenced by a weaker trend in New York and a further fall in the price of platinum, which ended $10.25 lower at $467.50 an ounce, 25 cents above the 10-month low reached at the fixing. At the London Metal Exchange the cash nickel price registered its sixth consecutive daily rise. It closed $280 higher at $9,370, just below an earlier 15-week high, after a break through the $9,200 in the three months position – which closed $267.50 up at $9,337.50 a tonne - prompted a fresh buying wave. Dealers said the upward move was aided by demand from the Far East and US steel mills. They also noted tightness in the scrap market and the strike at Eramet-SLN's operation in New Caledonia. The zinc market rose initially on news of a threatened strike, from next Monday, by workers at Minero Peru. But while the three months position closed $4 a tonne up the cash price was $12 down. The lead price dipped back below £500 a tonne on disappointment at the response to recent output disruptions.

Compiled from Reuters

London Markets

SPOT MARKETS		
Crude oil (per barrel FOB)		+ or -
Dubai	$13.90-4.05w	+0.10
Brent Blend	$16.45-6.55w	+0.20
W.T.I. (1 pm est)	$17.60-7.61w	+0.31
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$237-239	+5
Gas Oil	$153-154	+3
Heavy Fuel Oil	$72-73	+1.5
Naphtha	$148-150	+1
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♣	$351.75	-2.50
Silver (per troy oz)♣	485c	+2.00
Platinum (per troy oz)	$467.50	-10.25
Palladium (per troy oz)	$116.25	-0.50
Aluminium (free market)	$1545	
Copper (US Producer)	128.50c	+4.0
Lead (US Producer)	50.0c	-0.5
Nickel (free market)	420c	+5.0
Tin (Kuala Lumpur market)	18.07r	+0.14
Tin (New York)	284c	+1.00
Zinc (US Prime Western)	87.5c	
Cattle (live weight)†	108.92p	+0.83*
Sheep (dead weight)†	159.47p	-8.11*
Pigs (live weight)†	98.64p	+0.85*
London daily sugar (raw)	$299.1t	-5.4
London daily sugar (white)	$383.0t	-6.0
Tate and Lyle export price	£279.0	-0.5
Barley (English feed)	£109.5	
Maize (US No. 3 yellow)	£155.5	
Wheat (US Dark Northern)	Unq.	
Rubber (Aug)♥	52.50p	+0.5
Rubber (Sep)♥	53.00p	+0.5
Rubber (KL RSS No 1 Aug)	231.5m	+1.5
Coconut oil (Philippines)§	$300t	
Palm Oil (Malaysian)§	$275.0	-2.50
Copra (Philippines)§	$200w	-10.0
Soyabeans (US)	£154t	+1.00
Cotton "A" Index	69.40c	+0.10
Wooltops (64s Super)	476p	-1.00

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. q-Jul. t-Jul/Aug. u-Oct/Dec v-Jun/Jul. w-Aug z-Aug/Sep y-Sep. †Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.

SUGAR – London FOX ($ per tonne)				
Raw	Close	Previous	High/Low	
Aug	27500	272.00	275.00	264.00
Oct	27200	269.40	273.00	261.00
Dec	27600	280.00	276.00	280.00
Mar	26200	258.00	261.60	252.00
May	25860	258.00	256.80	254.20
Aug	25600	258.00	256.20	256.00
Oct	25300	255.00	253.00	250.00
White	Close	Previous	High/Low	
Aug	382.0	381.0	380.5	373.0
Oct	342.0	339.0	342.0	332.0
Dec	336.5	333.5	332.0	327.8
Mar	338.5	333.5	336.5	323.7
May	335.5	332.0	328.0	326.0
Aug	337.5	333.5	328.0	327.5
Oct	327.5	323.0	320.0	317.0

Turnover: Raw 3968 (4386) lots of 50 tonnes. White 1814 (2230)
Paris- White (FFr per tonne): Aug 2090, Oct 1870 Dec 1835, Mar 1845, May 1855

CRUDE OIL – IPE ($/barrel)				
	Latest	Previous	High/Low	
Aug	16.63	16.37	16.65	16.35
Sep	17.10	16.81	17.10	16.80
Oct	17.45	17.19	17.35	17.10
Nov	17.65		17.45	17.34
IPE Index	16.24	16.07		

Turnover: 13835 (10000)

GAS OIL – IPE ($/tonne)				
	Latest	Previous	High/Low	
Aug	154.00	151.00	154.50	150.00
Sep	155.00	152.00	155.00	151.75
Oct	158.00	154.50	158.00	154.50
Nov	158.50	158.50	158.50	156.75
Dec	160.00	159.00	160.25	159.00
Jan	161.00	159.50	161.00	160.00
Feb	158.00	153.00	158.00	

Turnover 7883 (10654) lots of 100 tonnes

FRUIT AND VEGETABLES

THERE is an abundance of sweet, juicy peaches and nectarines from Spain, France and Italy in the shops this week at 14-24p each, reports FFVIB. English cherries (£1.00-1.20 a lb), lemons (8-20p each) and oranges (8-20p each) remain a best buy along with apples, strawberries and bananas.

English carrots (22-35p a lb) remain excellent value along with homegrown broad beans (30-50p a lb) and new potatoes. There is an abundance of lettuce varieties which are superb value along with tomatoes (45-55p a lb) and English spring onions (20-35p a bunch).

COCOA – London FOX (£/tonne)				
	Close	Previous	High/Low	
Jul	727	722	728	725
Sep	748	739	754	741
Dec	782	769	782	772
Mar	812	801	812	802
May	831	821	831	822
Jul	852	843	852	844
Sep	871	861	872	860

Turnover: 3522 (8987) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Jul 11 964.14 (996.11) 10 day average for Jul 12 1011.86 (1016.72)

COFFEE – London FOX (£/tonne)				
	Close	Previous	High/Low	
Jul	548	557	562	550
Sep	574	580	584	573
Nov	597	599	606	593
Jan	617	618	626	617
Mar	634	635	642	637
May	655	652	657	
Jul	675		679	

Turnover: 2299 (3319) lots of 5 tonnes
ICO indicator prices (US cents per pound) for July 11: Comp. daily 68.53 (68.78). 15 day average 67.92 (68.03)

POTATOES – BFE (£/tonne)				
	Close	Previous	High/Low	
Nov	178.0	179.0	178.0	176.0
Apr	104.5	110.0	107.0	103.0
May	117.0	122.0	117.0	115.0

Turnover 331 (235) lots of 40 tonnes.

SOYABEAN MEAL – BFE (£/tonne)			
	Close	Previous	High/Low
Oct	115.60	114.50	115.00

Turnover 25 (40) lots of 20 tonnes.

FREIGHT FUTURES – BFE ($10/index point)				
	Close	Previous	High/Low	
Jul	1085	1055	1085	1070
Aug	1099	1060	1099	1075
Oct	1200	1150	1200	1170
Jan	1215	1169	1215	1190
BFI	1064	1056		

Turnover 273 (262)

GRAINS – BFE (£/tonne)				
Wheat	Close	Previous	High/Low	
Sep	111.65	111.90	111.90	111.60
Nov	115.00	115.30	115.30	115.00
Jan	118.80	119.15	119.00	118.90
May	125.85	126.15	125.85	
Barley	Close	Previous	High/Low	
Sep	109.40	109.70	109.50	109.40
Nov	113.50	113.75	113.75	113.40
Jan	116.85	116.85	116.85	

Turnover: Wheat 168 (243), Barley 87 (45). Turnover lots of 100 tonnes.

PIGS – BFE (Cash Settlement) p/kg			
	Close	Previous	High/Low
Sep	120.0	118.0	118.0
Oct	120.5	119.0	119.0
Nov	116.0		116.0

Turnover 16 (118) lots of 3,250 kg

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)						
	Close	Previous	High/Low	AM Official	Kerb close	Open interest
Aluminium, 99.7% purity ($ per tonne)					Total daily turnover 5,889 lots	
Cash	1549-51	1548-50	1549	1548-9		
3 months	1580-1	1579-80	1584/1579	1578-9	1583-4	44,300 lots
Copper, Grade A (£ per tonne)					Total daily turnover 23,844 lots	
Cash	1593-5	1586-8	1601/1600	1598-9		
3 months	1525-6	1513-4	1539/1525	1528-9	1524-5	82,821 lots
Lead (£ per tonne)					Total daily turnover 1,433 lots	
Cash	499-500	507-8	503/500.5	500-0.5		
3 months	503-3.5	509.5-9.5	512/503	503-3.5	503-4	10,424 lots
Nickel ($ per tonne)					Total daily turnover 2,008 lots	
Cash	9350-90	9080-100	9075	9070-80		
3 months	9325-50	9065-75	9350/9050	9070-5	9275-325	8,877 lots
Tin ($ per tonne)					Total daily turnover 1,896 lots	
Cash	6105-115	6030-80	6115/6110	6115-20		
3 months	6225-30	6190-200	6270/6200	6230-5	6235-40	5,075 lots
Zinc, Special High Grade ($ per tonne)					Total daily turnover 3,424 lots	
Cash	1760-5	1772-7	1755	1754-6		
3 months	1675-80	1673-4	1680/1660	1668-70	1675-80	19,517 lots

LME Closing £/$ rate: SPOT: 1.7920 3 months: 1.7632 6 months: 1.7362 9 months: 1.7144

LONDON BULLION MARKET		
Gold (fine oz)	$ price	£ equivalent
Close	351½-352	196¼-196¾
Opening	352¼-353¼	196¾-196¾
Morning fix	353.20	196.816
Afternoon fix	351.45	196.924
Day's high	353¼-353¾	
Day's low	350½-351	
Coins	$ price	£ equivalent
Mapleleaf	361-366	201-204
Britannia	361-366	201-204
US Eagle	361-366	201-204
Angel	361-366	201-204
Krugerrand	351-354	196-198
New Sov.	82½-83½	46¼-47
Old Sov.	82½-83½	46¼-47
Noble Plat	472.85-480.35	265.25-269.50
Silver fix	p/fine oz	US cts equiv
Spot	270.60	482.60
3 months	280.75	492.65
6 months	290.85	502.85
12 months	310.50	524.20

TRADED OPTIONS				
Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	Sep	Nov	Sep	Nov
1450	127	144	3	11
1500	51	75	26	39
1550	12	31	85	83
Copper (Grade A)	Calls		Puts	
2600	184	139	39	120
2700	130	96	74	174
2800	104	64	124	240
Coffee	Sep	Nov	Sep	Nov
500	77	105	3	9
550	38	69	14	22
600	14	41	40	45
Cocoa	Sep	Dec	Sep	Dec
700	61	108	13	27
750	32	78	34	47
800	15	54	67	79
Brent Crude	Aug	Sep	Aug	Sep
1550				
1600				38
1650				

New York

GOLD 100 troy oz.; $/troy oz.				
	Close	Previous	High/Low	
Jul	356.1	354.1	0	0
Aug	359.5	355.6	360.5	352.0
Sep	361.4	357.5	359.5	359.5
Oct	363.7	359.8	364.5	358.5
Dec	368.2	364.2	369.3	360.5
Feb	372.8	368.7	372.8	365.9
Apr	376.8	373.0	374.0	370.3
Jun	381.2	377.5	374.0	373.5

PLATINUM 50 troy oz; $/troy oz.				
	Close	Previous	High/Low	
Jul	470.9	473.3	469.0	464.0
Aug	473.7	476.1	0	0
Oct	478.9	481.3	480.0	472.5
Jan	484.7	487.1	481.0	477.8
Apr	490.4	492.8	487.0	485.5
Jul	496.1	498.5	497.0	0
Oct	503.0	0	503.0	0

SILVER 5,000 troy oz; cents/troy oz.				
	Close	Previous	High/Low	
Jul	489.0	483.6	487.5	481.0
Aug	490.9	485.8	0	0
Sep	494.8	489.7	495.5	486.5
Dec	505.8	500.8	507.0	498.0
Jan	508.9	503.9	503.0	503.0
Mar	516.6	511.7	516.5	509.5
May	523.7	518.7	518.0	516.5
Jul	531.1	526.1	526.5	525.5
Sep	538.8	533.9	0	0
Dec	550.0	545.1	544.4	543.9

INDICES				
REUTERS (Base: September 18 1931 = 100)				
	Jul 12	Jul 11	mnth ago	yr ago
	1837.2	1836.4	1862.5	1925.4
DOW JONES (Base: Dec. 31 1974 = 100)				
	Jul 11	Jul 10	mnth ago	yr ago
Spot	132.46	132.11	130.85	128.08
Futures	131.36	130.66	132.36	128.23

HIGH GRADE COPPER 25,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Jul	127.35	124.35	127.80	124.00
Aug	126.15	123.35	126.30	123.50
Sep	124.05	122.00	124.50	121.15
Oct	121.20	119.75	120.75	119.00
Nov	118.30	117.30	117.70	117.70
Dec	116.10	114.80	116.20	113.90
Jan	113.90	112.70	0	0
Mar	109.80	108.70	110.30	107.80
Apr	108.40	107.40	0	0
May	106.60	105.70	106.50	0

CRUDE OIL (Light) 42,000 US galls $/barrel				
	Latest	Previous	High/Low	
Aug	17.93	17.47	17.93	17.28
Sep	18.70	18.18	18.70	18.08
Oct	19.00	18.63	19.00	18.53
Nov	19.30	18.96	19.30	18.90
Dec	19.55	19.22	19.60	19.17

HEATING OIL 42,000 US galls, cents/US galls				
	Latest	Previous	High/Low	
Sep	5260	5137	5260	5140
Oct	5350	5250	5350	5260
Nov	5450	5376	5450	5380
Dec	5565	5476	5570	5485
Apr	5220	5172	5220	5100
May	5095	5087	5140	5095

COCOA 10 tonnes;$/tonnes				
	Close	Previous	High/Low	
Jul	1228	1180	1230	1200
Sep	1257	1209	1264	1206
Dec	1294	1245	1299	1248
Mar	1328	1282	1328	1285
May	1350	1303	1345	1312
Jul	1368	1324	1335	0
Sep	1388	1343	1365	0
Dec	1419	1374	1395	0

COFFEE "C" 37,500lbs; cents/lbs				
	Close	Previous	High/Low	
Jul	83.90	85.50	85.80	83.65
Sep	85.85	88.00	88.65	85.80
Dec	89.25	91.50	92.00	89.15
Mar	92.20	94.20	94.20	92.20
May	94.00	95.85	96.05	94.00
Jul	96.00	97.85	98.50	96.00
Sep	96.75	99.25	99.50	99.00
Dec	100.25	102.50	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Oct	12.17	11.97	12.19	11.59
Mar	11.77	11.60	11.81	11.27
May	11.74	11.60	11.80	11.32
Jul	11.74	11.61	11.62	11.40
Oct	11.63	11.60	11.70	11.43

COTTON 50,000; cents/lbs				
	Close	Previous	High/Low	
Oct	76.60	75.09	76.60	74.80
Dec	73.55	72.05	73.78	72.07
Mar	74.40	72.96	74.60	73.00
May	74.69	73.24	74.90	73.30
Jul	90.00	91.44	92.20	90.00

ORANGE JUICE 15,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Jul	192.30	191.85	192.70	191.50
Sep	181.00	179.15	181.60	178.60
Nov	170.85	168.00	171.20	168.50
Jan	163.80	164.00	164.50	163.00
Mar	163.50	163.50	163.50	162.75
May	163.25	163.25	162.00	161.00
Jul	163.25	163.25		

Chicago

SOYABEANS 5,000 bu min: cents/60lb bushel				
	Close	Previous	High/Low	
Jul	607/4	609/4	613/0	605/0
Aug	611/0	613/4	617/4	609/0
Sep	617/4	620/2	624/0	615/0
Nov	630/4	633/4	636/6	628/0
Jan	642/6	644/4	648/0	640/0
Mar	653/4	657/4	659/4	652/0
May	660/4	663/4	666/4	660/0

SOYABEAN OIL 60,000 lbs; cents/lb				
	Close	Previous	High/Low	
Jul	23.52	23.55	23.70	23.37
Aug	23.48	23.50	23.65	23.30
Sep	23.52	23.48	23.70	23.33
Oct	23.51	23.43	23.69	23.38
Dec	23.49	23.43	23.69	23.30
Jan	23.48	23.35	23.65	23.30
Mar	23.45	23.30	23.65	23.30
May	23.40	23.30	23.62	23.25
Jul	23.26	23.15	23.50	23.26
Aug	23.25	23.15	0	0

SOYABEAN MEAL 100 tons; $/ton				
	Close	Previous	High/Low	
Jul	178.2	178.7	178.9	177.4
Aug	179.4	179.6	180.3	178.4
Sep	181.0	181.4	182.2	180.2
Oct	182.7	183.6	183.8	182.0
Dec	186.3	187.4	187.9	185.5
Jan	187.7	188.5	188.8	188.5
Mar	189.8	190.5	190.5	188.6
May	192.0	191.2	192.0	190.5
Jul	193.5	193.1	193.5	192.5
Aug	190.0	193.2	190.0	190.0

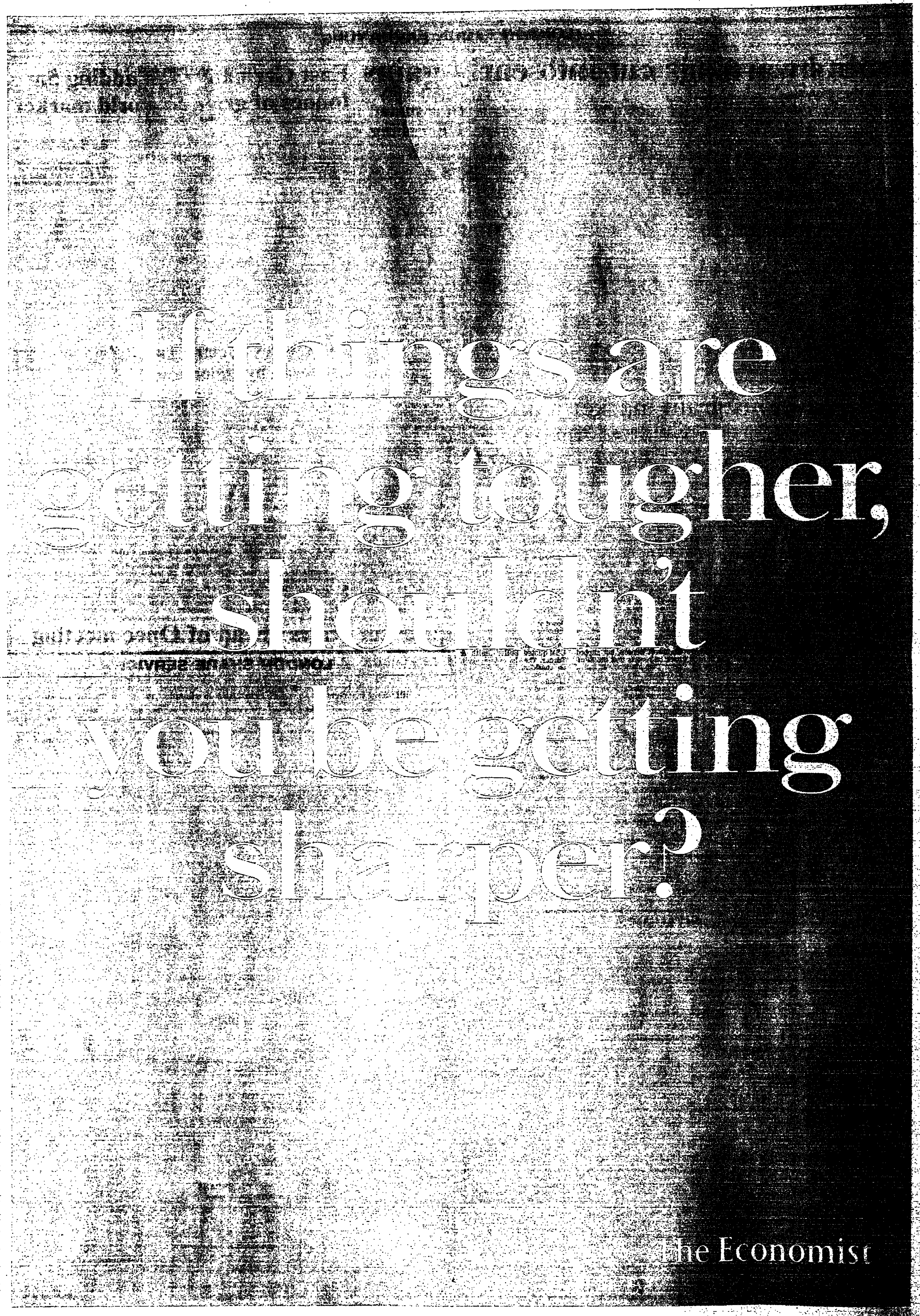
MAIZE 5,000 bu min; cents/56lb bushel				
	Close	Previous	High/Low	
Jul	276/4	279/6	279/4	276/0
Sep	269/6	272/6	272/4	269/4
Dec	265/6	269/2	269/0	265/0
Mar	271/6	274/4	274/0	270/6
May	276/6	280/0	279/4	275/0
Jul	279/2	282/0	281/4	278/2
Sep	270/0	273/4	0	0
Dec	261/2	263/4	263/2	261/0

WHEAT 5,000 bu min; cents/60lb-bushel				
	Close	Previous	High/Low	
Jul	306/0	305/4	308/4	304/2
Sep	313/0	312/4	316/4	311/0
Dec	328/2	328/4	331/0	326/0
Mar	335/4	335/6	338/2	333/4
May	334/0	334/0	337/0	333/0
Jul	337/4	338/4	337/4	334/0

LIVE CATTLE 40,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Aug	74.95	74.20	75.05	74.15
Oct	76.65	76.07	76.80	75.92
Dec	76.10	75.72	76.30	75.80
Feb	75.67	75.32	75.85	75.15
Apr	76.20	76.00	76.30	75.75
Jun	73.45	73.15	73.50	73.20

LIVE HOGS 30,000 lb; cents/lbs				
	Close	Previous	High/Low	
Jul	60.27	60.45	60.45	59.90
Aug	58.15	58.00	58.25	57.55
Oct	52.62	52.27	52.70	52.05
Dec	51.55	51.25	51.60	51.10
Feb	49.72	49.30	49.85	49.05
Apr	46.25	46.17	46.45	46.00
Jun	49.70	49.50	49.70	49.50
Jul	49.60	49.30	49.70	49.50

PORK BELLIES 40,000 lbs; cents/lb				
	Close	Previous	High/Low	
Jul	50.25	50.65	51.80	50.00
Aug	49.72	49.65	50.55	49.25
Feb	53.22	54.57	55.30	52.96
Mar	53.10	53.85	54.40	52.20
May	54.10	53.50	55.20	53.85


If things are getting tougher, shouldn't you be getting sharper?
The Economist

LONDON STOCK EXCHANGE

Profits warnings cut into early gains

AN ERRATIC trading session saw UK equities confidently extend their recovery at first before bad news from the corporate sector cut heavily into the market's early gains. By the close, the equity market was sounding somewhat nervous ahead of the announcement today of the UK retail prices index for June with its latest evidence of inflation trends.

In early trading yesterday the investment fundamentals were again favourable with Wall Street 42 Dow points up and close to a new peak overnight, while sterling suffered another downward move.

But a gain of nearly 26 FT-SE points began was gradually eroded as first Rank Organisation and then Hawker Siddeley presented the market with evidence of the adverse pressures on corporate earnings of which City analysts have been warning.

The FT-SE Index was quickly affected by substantial falls in Rank and Hawker, both of which are Index constituents. The London market was sustained at first by optimism for another strong performance from Wall Street but as London went home the Dow Average, although 9.66 up, had slipped from its earlier levels. Sterling, too, acted against the equity market, by regaining its early loss.

At the close, the day's rise on the FT-SE Index had been cut to 10 points for a final reading of 2,370.5, a turnround of 16 points in the second half of the session. Seaq volume increased slightly, to 460.6m shares from Wednesday's 449.1m, with activity concentrated in the oil sector, which was reacting to downgradings of leading stocks by Smith New Court, the UK securities house.

Some traders are questioning the substance of the recent recovery or "bounce", as some prefer to describe it. Technical factors were again significant yesterday. The heavy falls in Rank and Hawker were accentuated by the tightness of marketmakers' trading positions; once the shares began to fall, there were very few buyers, and prices were struck lower across the broad range of the market.

"There is every sign that a purely technical rally is running out of steam," said Mr Paul Harrison at Salomon International. Traders commented on the swiftness of the market's reaction to yesterday's adverse corporate news, which spanned both the consumer and the industrial fields.

Institutional buyers were believed to be in the background but their confidence has clearly been jolted by the latest evidence that there are shocks in store on the company profits front. Yesterday's announcements were seen to lend support to the substantial downward revisions by London-based securities analysts of corporate earnings forecasts across the broad range of the UK stockmarket.

Account Dealing Dates		
*First Dealings:		
Jun 25	Jul 9	Jul 23
Option Declarations:		
Jul 5	Jul 19	Aug 2
Last Dealings:		
Jul 6	Jul 20	Aug 3
Account Day:		
Jul 16	Jul 30	Aug 13

*New-time dealings may take place from 8.30 am two business days earlier.

Hawker stuns market

THE WARNING from aerospace group Hawker Siddeley that profits this year would fall short of last year's figure stunned the market. The shares, a constituent of the FT-SE 100 index, fell progressively to close 62 lower at 548p.

Turnover was unusually heavy before and after the announcement, which blamed the profits shortfall on problems within the group's power engineering division. Hawker also admitted that the "strength of sterling will affect the translation of overseas earnings."

Analysts had been looking for Hawker to make £220m to £225m this year, compared with £202m in 1989. The company said an extensive investigation had revealed losses of some £25m to £30m on the power engineering side, and most researchers cut their estimates to the £170m-£175m mark. Hoare Govett was more optimistic at £180m.

Cazenove, the company's broker, dominated trading, with two deals of 1.1m shares apiece done at 590p a share very early in the day.

Rank cautious

Analysts were quick to cut their forecasts when Rank Organisation turned in a 24 per cent rise in profit to £187.6m, at the lower end of the range of expectations. As the market digested the accompanying cautious statement the shares fell steadily. They closed at the day's low of 789p, down 48.

Analysts said they had been led to believe that Rank's management skills were insulating the company from much of the economic buffeting being suffered by the rest of the leisure sector.

They advanced two theories to explain the company's caution yesterday. One was that it wanted to give itself room to cope with any surprises that might come with Mecca, which recommended a hostile £544m takeover bid from Rank last month.

The other theory was that the company wanted to present itself in the best possible light ahead of that bid.

Among the downgradings for the current year's profit, Hoare was down £20m to £335m, Kleinwort Benson down £15m to £342m and Smith New Court from £349m to a £335-£338m range. But analysts were unanimous in saying that, despite yesterday's decline, investors and traders were likely to steer clear of Rank.

"The stock is fully valued and will go nowhere in the short term," said one. "This was a surprise," said another, "and the market does not like surprises."

Gas/BP switch

There was substantial underperformance against the wider market by shares of British Gas after a number of leading broking houses adopted a more cautious stance on the stock, citing the recent gap between Gas and the oil majors.

The Kleinwort Benson oil and gas team downgraded British Gas from "buy" to "hold." Kleinwort's Mr Philip Lambert said Gas's "10 per cent outperformance of the majors over the past three months and expectations of a fresh bout of regulatory and political jitters in coming months – the so-called McKinnon/Kinnock factor provides a great switching opportunity out of Gas and into BP." Mr McKinnon is chairman of OFGAS, the UK regulatory body for the gas industry; Mr Kinnock is leader of the British Labour Party.

Kleinwort expects Brent crude to move back up to the $20 a barrel mark by the end of this year. "Opec members can no longer bear the pain of crude oil around $14 a barrel," said Mr Lambert.

Another bearish scenario for Gas came from Daiwa Securities. Mr David Stedman at Daiwa is concerned about the possible impact on Gas from the electricity privatisation. "Water was a giveaway; we suspect the Government may not be so generous with electricity," said Mr Stedman.

The Daiwa analyst is also concerned about Gas's global gas ambitions and the impact of high UK interest rates on new connections in the domestic sector.

More importantly, he highlights the fact that the British Gas share price, in both dollar and yen terms, is at an all-time high. "The strength of sterling may prompt increasing levels of overseas selling of Gas," said Mr Stedman. Gas shares settled 2 off at 223¾p on turnover of 7.8m shares, while BP rose 7 to 328p on turnover of 10m.

The gentle retreat of sterling helped international stocks once more. ICI climbed 21 to 1172p, additionally helped by a press report that it might sell its 50 per cent stake in European Vinyls. SmithKline Beecham rose 11 to 556p and Unilever added 5 at 690p. Fisons continued to benefit from buy recommendations from one broker and closed 11½ to the good at 378½p.

Siebe suffered on two counts: first from the Hawker Siddeley backlash – the companies have some similar businesses – and second from worries that the buoyancy of sterling was making the proposed acquisition of Foxboro of the US too expensive. Siebe shares ended 25 down at 468p.

British Aerospace moved higher initially, helped by favourable recommendations from Nomura Research and Kleinwort Benson, but slipped back on reports that the European Commission was again examining the group's takeover of Rover, especially the tax concessions granted by the UK Government. The shares rose to 545p before settling 3 easier on the day at 537p.

Rolls-Royce failed in an early attempt to equal the 1990 high point and then backtracked to end 4 lower on balance at 225p, after 231p. A securities house advised a switch from Rolls-Royce to British Aerospace, citing the latter's price relative to Rolls.

Trading in Sun Life shares was delayed as dealers awaited details of an important announcement, later confirmed as a rights issue to raise £67.5m in the ratio of one for seven at 800p a share. Sun Life said it would use the funds to "take advantage of opportunities in Europe." Sun Life shares were marked down to 1278p immediately the news became known, but later steadied to end the session a net 27 off at 1283p. "The fact and size of the issue had been anticipated by the market for quite some time," said Mr Andrew Goodwin at UBS Phillips & Drew.

Standard Chartered was a lone weak spot in the banks, retreating 9 to 449p ahead of the interim figures expected soon.

Abbey National maintained its recent outstanding performance, closing 4 stronger at a record 218p on turnover of 2.2m. Mr John Wriglesworth at UBS Phillips & Drew described the bank as "an inherently reliable cash-generating machine," and expects it to achieve interim pre-tax profits of £278m, up 10 per cent on the same period last year.

Bank of Ireland staged a good rally, closing 5 firmer at 220p after the steep fall triggered by the recent sell note issued by one of the leading Irish stockbrokers.

Brewery stocks suffered a reversal, losing the gains made on Wednesday. Grand Metropolitan led the sector lower as traders said an overnight seller in New York left a large surplus of the stock in London. They said a block of 1.1m Grand Met shares was placed yesterday at 647p by a large agency broker. Grand Met closed at 637p, down 13 in busy turnover of 3.9m shares.

The best performer of the day among brewers was USM-quoted Fuller Smith & Turner. The shares rose again on consideration of the company's purchase on Monday of 44 pubs from Allied Lyons for £9m, and finished at 415p, up 20 on the day and 40 over two days.

Annual meeting statements from Marks and Spencer and Storehouse helped their shares make useful gains. Outgoing M&S chairman Lord Rayner said he was not expecting current year profits to be disappointing. He said improved warehouse and distribution management systems had helped the company cope with the present difficult trading conditions. M&S rose 5 at one point and closed 2½ to the good at 234½p on busy turnover of 5m shares.

Mr Ian Hay Davison, the Storehouse chairman, said that sales were "usefully ahead of last year on a comparable basis." He expressed optimism for the full year figures. Storehouse added 3 at 129p. A steady 1m shares changed hands.

J Sainsbury was one of the best performers in the FT-SE 100 index as the sector analyst at UBS Phillips & Drew recommended buying the stock. The shares were 7 better at one point and closed at 291p, a net rise of 6.

In the chemicals sector, Amersham International fell 14 to 316p as Mr James Culverwell of Hoare Govett cut his forecast for current year profits from £24m to £22m. "The company has not been hedging and will take sterling's strength on the nose," he said. "The shares are still overvalued."

Dealers noted that the growing optimism over a possible agreement between oil ministers at the forthcoming July 25 Opec meeting had helped boost crude oil prices and bolster confidence in the oil share market in the US overnight. Consequently, the US houses were prominent among the big buyers of oil stocks in London at the outset of trading.

Shell was heavily supported and moved up 11 to 466p – for a two-day gain of 21 – on turnover of 2.2m shares.

Enterprise Oil mirrored the improved mood in the oil sector, advancing 13 to 648p, albeit in thin trading, while Lasmo added 10 at 405p on 1.1m.

Aviva continued to suffer from the impact of the disappointing drilling results from Colombia and settled a further 4¼ easier at 24½p.

The poor results and cautious comment from Rank Organisation cast a pall over the leisure sector. Ladbroke shed 4 to 317p, Mecca lost 5 to 80p and Brent Walker was down 16 at one point. The latter recovered a little, however, when Birdcage Walk, a company controlled by Mr George Walker, the chairman and chief executive of Brent Walker, announced it had bought 100,000 shares at 284p each. The Birdcage holding is now 24.73 per cent. Brent Walker closed at 283p, a net decline of 14.

Recent analysts' caution and fears over the future of video cassette sales left Carlton Communications another 9 lower at 500p. Carlton owns Technicolor, much of whose business is in video cassette duplication.

When a line of just over 1m Ranks Hovis McDougall shares was sold into the market, some traders jumped to the conclusion that the Sunningdale consortium was reducing is 29.9 per cent in the company. Other quickly scotched the notion for lack of evidence; Sunningdale has 103m shares. Ranks remained weak and ended 8 off at 340p.

Ropner, which recently filled its coffers through the sale of subsidiary Hozelock, attracted persistent support and the "A" stock rose 8 to 128p. County NatWest told clients recently that Ropner's rating "was undemanding." Creighton Naturally responded to further buying in a restricted market and the shares rose 20 to 143p.

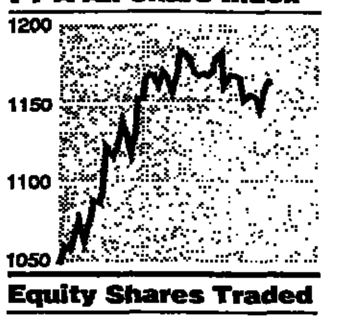
Slightly more enthusiasm was shown for leading properties, and Land Securities moved up 5 to 525p. There was also fresh interest in Speyhawk, up 16 at 250p, and in Connells Estate Agents, which rose 24 to 149p; both stocks were subject to speculation of takeover bids. Danbury recovered 9 to 51p.

USM-quoted JLI, the fruit importer and food processing group, formerly known as the Jack Israel Group, performed well to close 5 higher at 70p, after the group unveiled preliminary pre-tax profits up from £1.85m to £2.01m.

Dealers noted plenty of further switching in the water sector ahead of the 10 stocks going ex-dividend next Monday. Yorkshire added 3 more to 176p while there was keen interest in Thames, marginally ahead at 153p on 2.2m, and North West, at 161½p. The Water Package moved up 17 to £1610.

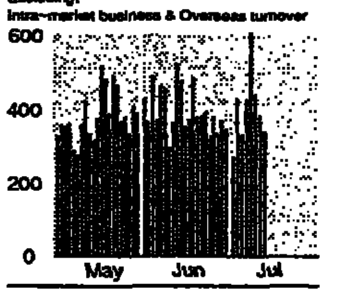
■ Other Market statistics, including the FT-Actuaries share index, Page 29

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million) Excluding: Intra-market business & Overseas turnover



NEW HIGHS AND LOWS FOR 1990

NEW HIGHS (81).
BRITISH FUNDS (1) AMERICANS (3) BANKS (1) BEERS (1) BUILDINGS (4) CHEMICALS (2) STORES (5) ELECTRICALS (8) ENGINEERING (5) FOODS (1) INDUSTRIALS (16) Bowater 7.75pc Cv. Pf., Caparo Inds., Carbo, Cent. Sherwood, Cornwell Parker "A", Glaxo, Huntingdon Intl., Hutch Whmp., Robertson Grp., Sanders & Sidney, Shanks & McEwan, Stat-Plus, Tollgate, UDO, Wyko, INSURANCE (2) LEISURE (2) NEWSPAPERS (1) TEXTILES (1) TOBACCOS (1) TRANSPORT (3) TRUSTS (25) OILS (1) OVERSEAS TRADERS (1).

NEW LOWS (55).
AMERICANS (1) CANADIANS (3) BANKS (4) BUILDINGS (2) STORES (3) ELECTRICALS (3) ENGINEERING (4) FOODS (3) INDUSTRIALS (11) Ass. Brit. Consultants, BSG Intl., Dinkie Heel, Fitzwilton, Granada, Lawtex, Lynx, Macarthy, Tubular Edginton, Williams (J.), Wyndham, INSURANCE (1) LEISURE (1) MOTORS (2) PAPERS (1) PROPERTY (4) TEXTILES (1) TRANSPORT (2) TRUSTS (3) OILS (4) THIRD MARKET (2).

FINANCIAL TIMES STOCK INDICES

	July 12	July 11	July 10	July 9	July 6	Year Ago	1990 High	1990 Low	Since Compilation High	Since Compilation Low
Government Secs	78.72	78.67	78.78	78.40	78.53	86.14	84.20 (2/1)	74.13 (30/4)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	87.26	87.28	87.21	87.24	87.80	96.84	92.91 (9/1)	83.80 (30/4)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary Share	1870.1	1877.7	1855.0	1859.3	1865.0	1868.0	1968.3 (2/1)	1653.6 (30/4)	2008.6 (5/9/89)	49.4 (26/6/40)
Gold Mines	172.7	174.2	173.9	179.3	180.9	201.8	378.5 (8/2)	167.9 (15/6)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 Share	2370.5	2360.5	2327.5	2337.5	2340.0	2258.0	2463.7 (2/1)	2103.4 (30/4)	2463.7 (2/1/90)	986.9 (23/7/84)
Ord. Div. Yield	4.95	4.94	5.00	4.99	4.97	4.33				
Earning Yld %(full)	10.96	10.93	11.07	11.04	11.00	10.15				
P/E Ratio(Net)(*)	11.06	11.10	10.96	10.98	11.02	11.87				
SEAQ Bargns 4.45pm	27,602	25,338	22,686	23,130	25,021	32,517				
Equity Turnover(£m)†	–	993.3	793.61	818.03	1797.39	1374.60				
Equity Bargains†	–	25,163	22,973	25,523	29,609	37,160				
Shares Traded (mil)†	–	331.1	379.3	433.8	601.5	493.1				

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold mines 12/9/55, Basis 1000 FT-SE 100 31/12/83. ¤ Nil 10.83

Ordinary Share Index, Hourly changes — Day's High 1891.9 — Day's Low 1869.2

Open	9am	10am	11am	12pm	1pm	2pm	3pm	4pm
1889.1	1886.5	1889.9	1885.8	1887.0	1890.3	1890.0	1878.8	1871.6

FT-SE, Hourly changes — Day's High 2388.3 — Day's Low 2370.2

Open	9am	10am	11am	12pm	1pm	2pm	3pm	4pm
2378.1	2377.0	2378.9	2375.6	2380.6	2384.9	2384.6	2379.8	2371.3

GILT EDGED ACTIVITY

Indices	July 11	July 10
Gilt Edged Bargains	94.8	97.9
5-Day average	100.1	91.1

*SE Activity 1974. †Excluding intra-market business & Overseas turnover.

London report and latest Share Index: Tel. 0898 123001.

TRADING VOLUME IN MAJOR STOCKS

Stock	Volume 000's	Closing Price	Day's change
British Steel	8,800	140	+2
British Telecom	8,400	310	–1
Bunzl	1,200	89	
Burmah Oil	503	643	
Burton	2,300	105	–1
Cable & Wire	1,100	535	
Cadburys	1,000	351	–2
Calor Group	18	255	+1
Carlton Comms.	1,200	500	–9
Coats Viyella	236	124	–½
Comm. Union	145	514	+2
Cookson	555	201	–4
Inchcape	703	274	
Kingfisher	2,400	385	+9
Ladbroke	2,400	317	–4
Land Securities	1,000	525	+5
Laporte	209	550	+10
Legal & General	428	422	+2
Lloyds Abbey	1,200	330	+3
Lloyds Bank	2,100	304	+2
LASMO	1,100	405	+10
Lonrho	822	282½	+½
Lucas	3,400	157	–5
MB Group	4,500	217	+1
Rothmans	27	830	+5
Ryl Bk Scotland	219	169	
Royal Insurance	1,000	483	
STC	1,700	262	+1
Saatchi	387	81	–1
Sainsbury	2,800	291	+8
Scottish & New.	1,700	347	+1
Sears	1,600	98	–1
Sedgwick	387	239	+1
Severn Trent Water	1,600	144	–2
Shell Transport	2,200	466	+11
Siebe	925	468	–25
Utd. Newspapers	367	346	+1
Water Package Uts.	6	£1600	+7
Wellcome	929	609	+10
Welsh Water	488	175	+1
Wessex Water	602	162	
Whitbread 'A'	4,100	449	–2½
Williams Hldgs.	1,400	285	+2
Willis Faber	383	239	+1
Wimpey	318	250	+5
Yorkshire Water	1,400	176	+3

Based on trading volume for most Alpha securities dealt through the SEAQ system yesterday until 4.30pm.

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

BRITISH FUNDS – Contd

Index-Linked

INT. BANK AND O'SEAS

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

FOREIGN BONDS & RAILS

AMERICANS

AMERICANS – Contd

1990 High	1990 Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
21⅞	12⅞	Chase Manhattan $12½	13		$2.36	–	10.2
19¼	13⅝	Chem. Banking Corpn.	14		$2.72	–	11.0
12½	8⅞	Chrysler $6¼	8¼		$1.20	–	7.8
18¼	12⅛	Citicorp $1	12⅛		$1.78	–	8.3
39⅝	31⅝	Colgate-Palmolive $1	39⅝	+1½	s$1.48	–	2.1
12⅜	749p	Cont'l Bank Corp $4	758p	+5	$1.00	–	7.5
268p	128p	Corporate Data Scnce.	225p				–
22⅞	18⅝	Dana Corp. $1	20⅜		$1.60	–	4.5
768p	510p	Data General	597p	+3			–
29½	25⅛	Dun & Bradstreet $1	26⅛	+¼	$2.00	–	4.3
37⅞	29⅞	Eaton Corpn. 50c	34		$2.00	–	3.2

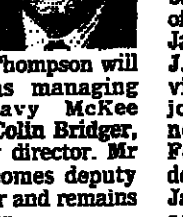
CANADIANS

Continued on next page

APPOINTMENTS

Changes at Davy divisions

Mr Roger Thompson *(pictured)* has been appointed chief executive of DAVY CORPORATION's process division from August 1, succeeding Mr Patrick Tighe who remains chairman of the division and deputy chief executive of the corporation. Mr Thompson will be succeeded as managing director of Davy McKee (London) by Mr Colin Bridger, deputy managing director. Mr Peter Dance becomes deputy managing director and remains marketing director.



■ FENCHURCH INTERNATIONAL has appointed Mr Andrew Thacker as a director.

■ NCC PROPERTY has appointed Mr Hernando Slottsdahl as a director and company secretary. He was group financial controller for ABV, Stockholm.

■ INDEPENDENT NEWSPAPERS has appointed Mr Brendan Hopkins, deputy managing director - international, to its main board.

■ CRT GROUP has appointed Professor Sir Douglas Hague as a non-executive director.

■ Mr Philip R. Mengel, a New York City-based investment banker, has been appointed chief executive officer of GLEN-GERY CORPORATION, US, a wholly-owned subsidiary of Ibstock Johnsen, Lutterworth, Leics.

Johnson Matthey chief executive

Mr Richard K.A. Wakeling has been appointed chief executive of JOHNSON MATTHEY from January 1 1991 succeeding Mr J.A. Stevenson who becomes vice chairman. Mr Wakeling joined the board as a non-executive director in February 1987, becoming deputy chief executive last January. Previously he was acting chief executive and finance director of Charter Consolidated, and finance director of John Brown.

■ Mr Jorgen Berglund has been appointed operations director for ROBINSON MILLING SYSTEMS' flour milling engineering division. He was head of procurement at Vickers Shipbuilding and Engineering.

■ AIR EXPRESS INTERNATIONAL has appointed Mr Thomas M. Stack as managing director of AEI/Pandair in the UK. He was deputy managing director, and succeeds Mr John Doyle who has retired. Mr Stack is also a vice president of the US parent company.

Restructure at Amersham Intnl

AMERSHAM INTERNATIONAL is simplifying its management structure, and making the following board changes from August 9. Mr Ed Gallagher, chief executive, life sciences, and responsible for the European sales network, joins the board as director of manufacturing. Mr Gareth Griffiths becomes director of personnel and corporate affairs. Mr Ron Long is appointed commercial director. He joins from Calmic International where he was managing director. Dr John Maynard becomes director of research and development. Mr Alistair Hamilton remains responsible for the Japanese market.

■ Mr Tony Phillips has been appointed head of the project/infrastructure financing team at SOCIETE GENERALE, London. He joins from Crédit Agricole.

■ Mr Peter Terry has joined NATIONAL POWER as an executive director of British Electricity International. He will be responsible for the financial and investment aspects of BEI's business in the international market. He was director of international project finance for Midland Montagu.

■ Mr Alan Shrimpton has been appointed a director of TOWER HILL SERVICES, computer services subsidiary of English & American Group. He will be responsible for technical and systems developments.

■ Mr Tom Banks has been appointed advertising manager of LEGAL & GENERAL GROUP. He was a senior account director at Collett, Dickenson Pearce.

New chairman for Rugby Cement

THE RUGBY GROUP has appointed Mr Pat Jackson as chairman of Rugby Cement, succeeding Mr Andrew H. Teare who has resigned. Mr Jackson remains chief executive of the UK cement division, and chairman of Cockburn Cement in Australia.

■ Mr Ian Stewart, MP, Mr Antony Milford, Mr Peter Jordan and Mr Richard Lanyon have been appointed to the board of the FRAMLINGTON GROUP.

■ IVORY & SIME has appointed Mr Mearns Nimmo and Mr Terry Steele as divisional directors, investment division.

LONDON SHARE SERVICE

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BANKS, HP & LEASING

1990 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
303	209	ANZ SA1	228	+1	44c	1.4	8.7	8.1
218	172	Abbey National 10p	218	+4	5.7	4.3	3.5	8.8
•274	210	Allied Irish Ord	219	+9	Q40%	3.3	4.3	9.4
£13¼	£10¾	Algemene Fl.10	£10½	+⅛	Q28%	2.1	7.6	6.1
85	63	Anglo Irish	63	–5	tQ18.7%	2.7	7.0	8.6
83	68	Ansbacher (H.) 1p	83	+1	2.5	1.3	4.0	23.9
£71½	£54½	Bancaire Cie Fr100	£58½	+⅛	hQ12¼%	–	2.2	–
£22¼	£16¾	Banco Bilbao Viz.	£19½	......	Q49.1%	2.7	4.3	12.6
£31	£24¼	Banco de Santander	£29	+¾	Q25%	2.4	3.8	10.8
286	214	Bank Ireland Ir£1	220	+5	Q14.7%	2.9	6.3	7.3
£19½	£18	Bank Leumi	£19½	......	–	–	–	–
350	320	Bank Leumi (U K)	345	......	†13.5	–	4.9	–
125	104	Bank Scotland	119	......	4.55	3.3	5.1	7.9
100¼	83¾	Do. 9¼pc Irrd Pf.	95½	+½	9¼%	–	12.9	–
54	39	Bank of Wales	52	......	2.8	0.8	7.2	(25.0)
428	352	Barclays £1	408	+2	h19.57	3.5	6.4	5.7
22	12	Benchmark 20p	14	......	1.63	1.0	15.5	8.0
335	310	Brown Shipley £1	316	+1	12.0	2.2	5.1	10.2
435	341	Cater Allen £1	367	+1	N24.5	–	8.9	–
179	112	Chancery	112	......	9.0	2.7	10.7	4.5
£23¼	£18¾	Commerzbk DM10	£20	–½	Q18%	–	3.1	–
£13¼	842	Dai Ichi KBk Y50	895	+8	Q17%	♦	0.4	♦
£313½	£261	Deutsche Bk DM50	£278¼	+3½	Q28%	–	1.7	–
£20⅞	£18½	Espirito Santo	£18½	......	075c	5.1	2.4	–
253	183	First Nat. Fin 10p	198	......	13.0	2.1	8.8	6.8
121	96	FNFC 6.3pc Cv. Pf.	98	......	6.3%	–	8.6	–
£13¼	968	Fuji Bank Y50	981	+3	Q17%	♦	0.3	♦
325	262	Gerrard & National	291	......	19.0	–	8.7	–
154	122	Guinness Mahon 10p	122	......	2.1	–	2.3	–
328	223	Hambros 20p	267	+1	11.5	–	5.7	–
128	93	Do. 7.5pc Cv Pf.	113	......	7½%	–	8.8	–
53½	42	HK & Shang. HK$2.50	43½	+½	h038c	–	6.2	–
478	458	Joseph (Leo) £1	463	......	15.85	–	4.6	–
150	126	King & Shaxson 20p	140	......	10.25	–	9.8	–
422	340	Kleinwort Benson Grp.	370	+2	16.0	2.5	5.8	9.4
642	402	Kyowa Bank Y50	421	–3	Q14%	♦	0.7	♦
312	242	Lloyds £1	304	+2	13.3	2.6	5.8	7.1
56	44	Lon. Scot. Bank 10p	51	–1	†2.4	1.9	6.3	10.1
404	271	Midland £1	311	–3	18.0	2.6	7.7	6.5
£14½	£10⅞	Mitsubishi Bank Y50	£10½	......	Q17%	♦	0.3	♦
£12¼	£6⅞	Mitsubishi Tst & Bk Y50	£7¼	+⅛	Q17%	♦	0.4	♦
		For Mitsui Bank see Mitsui Taiyo Kobe Bk						
£10⅝	£7⅜	Mitsui Taiyo Kobe Y50	£8⅛	......	†Q16%	6.0	0.4	45.5
904	558	Mitsui Tst & Bk Y50	582	+1	Q17%	♦	0.5	♦
326	279	Nat Aust. Bk. A$1	296	–1	s050c	1.6	7.6	8.1
368	299	NatWest £1	333	+1	16.7	3.3	6.7	6.1
£210	£185	Ottoman Bank	£185	......	Q110%	2.8	5.9	6.0
55	39	Rea Bros. Group	45	......	0.5	3.4	1.5	21.6
200	140	Rothschild (J) Hldgs.	144	......	10.0	1.1	9.3	12.5
227	149	Royal Bk. Scotland	169	......	†7.2	3.8	5.7	5.9
795	424	Saitama Bank Y50	495	+6	Q14%	♦	0.5	♦
£12¼	799	Sanwa Bank Y50	799	–1	Q17%	♦	0.4	♦
902½	712½	Schroders £1	795	......	h12.5	5.9	2.1	10.7
712½	537½	Do. £1 N/V	588	......	h12.5	5.9	2.8	7.9
£25¼	£19¾	Sec. Pacific $10	£19½	+¾	QS1.96	–	5.6	–
616	449	Standard Chartd. £1	449	–9	35.0	1.4	10.4	(8.4)
[illegible]	[illegible]	Sumitomo Bank Y50	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING, TIMBER, ROADS

BUILDING, TIMBER, ROADS – Contd

CHEMICALS, PLASTICS

DRAPERY AND STORES

ELECTRICALS

ELECTRICALS – Contd

ENGINEERING

ENGINEERING – Contd

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS (Miscel.) – Contd

INDUSTRIALS (Miscel.) – Contd.

INSURANCES

LEISURE

MOTORS, AIRCRAFT TRADES

Commercial Vehicles

LONDON SHARE SERVICE

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MOTORS, AIRCRAFT TRADES – Contd

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PROPERTY

PROPERTY – Contd

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRANSPORT

INVESTMENT TRUST

INVESTMENT TRUST – Contd

INVESTMENT TRUST – Contd

Net asset values supplied by County NatWest Wood Mackenzie

FINANCE, LAND, ETC

WATER

OIL AND GAS

OIL AND GAS – Contd

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Diamond and Platinum

Central African

Finance

Australians

Tins

MINES – Contd

Miscellaneous

THIRD MARKET

1990 High	Low	Stock	Price	+ or –	Div Net	C'vr	Gr's	P/E
181	128	Utd Group .... γ	180xd	+1	5.0	♦	3.7	♦
89	56	Video Magic Leis. 1p γ	56	......	W2.0	0.7	4.8	44.9
6¼	3¼	Vista Ents 5p .... γ	4	–¼	–	–	–	–
18	13	Vizcaya Hldgs 5p.. γ	13	......	–	–	–	–
5½	3¼	Wilton Group 1p... γ	3¼	......	–	–	–	♦

NOTES

Stock Exchange dealing classifications are indicated to the right of security names: α Alpha, β Beta, γ Gamma.

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm –) to the current pre-closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- ● "Tap Stock"
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ♦ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ✱ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Not officially listed.
- # Price at time of suspension
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress
- ♣ Not comparable
- ♠ Same interim; reduced final and/or reduced earnings indicated
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E usually provided.
- ‖ No par value

B.Fr. Belgian Francs. Fr. French Francs ¶¶ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1990-91. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1989. K Dividend and yield based on prospectus or other official estimates for 1990. L Estimated annualised dividend, cover and P/E based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1988. N Dividend and yield based on prospectus or other official estimates for 1989-90. P Figures based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date. Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Craig & Rose £1.. γ	830	......
Finlay Pkg. 5p .... γ	53	......
Holt (Jos) 25p..... γ	1310	......

IRISH

Cap. 8½% Ln. 1991	£98¼	......
9pc Cap Ln. 1996..	£95¼	+¼
Fin. 13% 97/02...	£113½	+½
Arnotts.............	285	......
Carrol (P.J.)....... γ	126	+1
Hall (R. & H.)......	165	......
Helton Hldgs...... γ	72	......
IRG................	195	......
United Drug.........	160	......

TRADITIONAL OPTIONS

3-month call rates

Industrials

	p
Allied-Lyons	48
Amstrad	7
Astec (BSR)	6
BAT	62
BOC Grp	48
BTR	37
Barclays	34
Blue Circle	21
Boots	24
Bowaters	40
Brit Aerospace	47
British Steel	13
Brit. Telecom	25
Cadburys	30
Charter Cons	42
Comm Union	41
Courtaulds	29
Eurotunnel	55
FKI	7
FNFC	20
Gen Accident	46½
GEC	18
Glaxo	68
Grand Met	53
Guardian	20
GKN	33
Hanson	20
Hawker Sidd	53
ICI	99
Ladbroke	27
Legal & Gen	34
Lex Service	28
Lloyds Bank	25
Lucas Inds	13
Marks & Spencer	19
Midland Bk	24
Nat West Bk	30
P & O Dfd	52
Polly Peck	39
Racal Elect	19
RHM	30
Rank Org Ord	70
Reed Intnl	38
STC	21
Sears	9
SmKl. Beecham A	48
TI	39
TSB	11
Tesco	19
Thorn EMI	62
Trust Houses	24
T&N	18
Unilever	58
Vickers	19
Wellcome	57

Property

Brit Land	32
Control Secs	4
Land Securities	45
MEPC	45
Mountleigh	19

Oils

Aviva Petlm	5
Brit Petroleum	28
Burmah Oil	55
Conroy Petlm	10
Gaelic Res	3½
Premier	9
Shell	40
Tuskar Res	5½
Ultramar	31

Mines

Lonrho	21
RTZ	50

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £1050 per annum for each security.

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AUTHORISED UNIT TRUSTS

GUIDE TO UNIT TRUST PRICING

INITIAL CHARGES
These represent the marketing, administrative and other costs which have to be paid by new purchasers. These charges are included in the price when the customer buys units.

OFFER PRICE
The price at which units may be bought.

BID PRICE
The price at which units may be sold

CANCELLATION PRICE
The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, unit trust managers quote a much narrower spread. As a result, the bid price is often set well above the minimum permissible price which is called the cancellation price in the table. However the bid price might be moved to the cancellation price in circumstances in which there is a large excess of sellers of units over buyers

TIME
The time shown alongside the fund manager's name is the time at which the unit trusts' daily dealing prices are normally set unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: ♥ - 0001 to 1100 hours; ♣ - 1101 to 1400 hours; ♦ - 1401 to 1700 hours; ♠ - 1701 to midnight.

HISTORIC PRICING
The letter H denotes that the managers will deal on a historic price basis. This means that investors can obtain a firm quotation at the time of dealing. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis.

FORWARD PRICING
The letter F denotes that prices are set on a forward basis so that investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper show the prices at which deals were carried out yesterday

SCHEME PARTICULARS AND REPORTS
The most recent report and scheme particulars can be obtained free of charge from fund managers. Other explanatory notes contained in last column of the FT Unit Trust Information pages.

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	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Grs
Touche Remnant Unit Tst Mngt Ltd (1600)F						
Mermaid Hse, 2 Puddle Dock, EC4V 3AT 071-248 1250						
4 Unsats Pricing - 12 Noon Valuation						
TR American Gwth	5¼	47.3	47.3	50.43	+0.71	0
TR Eur Sp Sits Acc	5¼	44.46	44.46	47.41	+0.28	0
TR Eur Sp Sits Inc	5¼	43.6	43.6	46.49	+0.27	0
TR Far East Opps Inc	5¼	23.91	23.91	25.50	+0.30	0
TR Far East Opps Acc	5¼	23.91	23.91	25.50	+0.30	0
TR General Growth	5¼	77.49	77.49xd	82.43	+0.26	2.95
TR Global Tech	5¼	77.48	77.48	82.64	+0.77	0
TR Income Growth	5¼	86.95	87.0xd	93.01	+0.30	4.09
TR Income Monthly	5¼	52.33	52.33	54.47	+0.49	6.07
TR Japan Growth	5¼	85.83	85.83xd	91.12	+0.37	0
TR Overseas Growth	5¼	67.8	67.8	72.3	+0.30	0
TR Smaller Cos	5¼	77.23	77.23	82.14	+0.22	3.71
TR Special Ops	5¼	84.16	84.16	89.55	+0.08	4.40
TR Mge Eq Plan Acc	5¼	36.02	36.02	38.31	+0.08	3
TR Mge Eq Plan Inc	5¼	33.78	33.78	35.93	+0.08	5.01
TR Worldw Sit Acc	5¼	39.34	39.34	42.12	+0.22	0
TR Worldw Sit Inc	5¼	39.3	39.3	42.08	+0.23	0
TR Pension Portfolio						
TR American Gwth ♦	6	28.39	28.76	30.49	+0.60	0
TR Eur Sp Sits ♦	6	35.48	35.95	38.11	+0.45	0
TR General Growth ♦	6	26.17	26.44	28.03	+0.29	0
TR Global Tech ♦	6	30.53	30.94	32.8	+0.40	0
TR Income Growth ♦	6	26.75	26.53	28.2	+0.31	0
TR Japan Growth ♦	6	26.88	27.11	28.74	+0.17	0
TR Mgd Equity ♦	6	27.73	28.02	29.7	+0.27	0
TR Overseas Growth ♦	6	29.18	29.57	31.34	+0.43	0
TR Smaller Cos ♦	6	18.32	18.51	19.62	+0.01	0
TR Special Ops ♦	6	17.34	17.53	18.58	+0.01	0
TR Stlg Liquidity ♦	6	26.72	27.18	28.31		0
TR Worldw Sp Sits ♦	6	32.04	32.61	34.56	+0.33	0
Trades Union Unit Tst Mngrs (1200)H						
NLA Tower, Addiscombe Road, Croydon 081-686 4355						
TUUT	5	256.5	261.2	278.9	+2.0	3.43
Triton Fd Mngrs. Ltd. (1000)H						
Royal Lon. Hse. Colchester CO1 1RA 0206 764400						
Triton General	5¼	168.5	171.1	182.2	+1.30	3.34
Tyndall Unit Tst Mngrs Ltd (1600)F						
25 Bucklesbury, London EC4N 0800 323574						

	Bid Price	Offer Price	+ or -	Yield Gross
Touche Remnant Unit Tst Mngt Ltd				
TR Exempt European	1274	1292	-7	2.07
TR Exempt Nth Amer	945	960	+6	3.38
TR Exempt Pac Basin	947	963	+11	1.32

INSURANCES

	Bid Price	Offer Price	+ or -	Yield Gross
AA Friendly Society				
(Investment Mngt M & G Inv Mngt Ltd)				
AA Friendly Sy June 13		176.51		-
Abbey Life Assurance Co Ltd				
80 Holdenhurst Road, Bournemouth 0202 292373				
Prop. Ser. 1	293.8	309.3		-
Equity Ser. 1	151.9	159.9	+1.4	-
Prop. Acc. Ser 2	452.7	476.6		-
Equity Ser 2	157.5	165.8	+1.6	-
Selective Acc	352.7	371.3	+1.2	-
Prop Ser 4	360.4	379.4		-
Equity Ser. 4	159.6	168.1	+1.2	-
Man. Ser 4	449.9	473.5	+2.9	-
Fixed Int. Ser. 4	217.7	229.3	-0.8	-
Indexed Inv Ser. 4	144.1	151.8	-0.9	-
American Ser 4	321.0	338.0	+5.5	-
Japan Ser 4	301.7	317.6	+2.5	-
European Ser 4	128.6	135.4	+1.1	-
High Inc. Ser 4	474.3	499.3	+2.8	-
Money Ser. 4	252.5	265.8		-
Intl Ser. 4	115.4	121.5	+1.3	-
Custodian Ser 4	104.4	109.9	+0.1	-
Pension Funds				
Property	637.9	671.1		-
Equity	1190.4	1253.1	+12.2	-
Selective	383.7	403.9	+1.5	-
Managed	867.5	913.2	+8.1	-
Security	500.5	526.9		-
Fixed Int	262.1	275.9	-0.8	-

Barclays Life Assur. Co Ltd—Contd.

Smaller Cos Pens Accum; Special Sits Pens Accum; Financial Pens Accum; Leisure Pens Accum; America Pens Accum; Australia Pens Accum; European Gwth Pens Accum; Japan & Gen Pens Accum; General Tech Pens Accum; Pens Deposit Accum

For prices of Initial Units phone 01-534 5544

Black Horse Life Ass. Co Ltd

Mountbatten Hse, Chatham, Kent.

Life Funds: Managed Invest Fd; Income Fund; Extra Income Fd; Worldwide Growth Fd; Balanced Fd; Smlr Co's & Recy Fd; Intl Technology Fd; Nth Amer & Gen Fd; Energy Intl Fd; Pacific Basin Fd; German Growth Fd; Japan Growth Fd; UK Growth Fd; Contl Eur Gwth Fd; Nth Amer S C & Recy; Property Fd; Fixed Interest Fd; Cash Fd; Managed Fd

Pension Funds: Managed Pen Fd; Fixed Int Pen Fd; Property Pen Fd; Cash Pen Fd; UK Equity Pen Fd; Nth Amer Pen Fd; European Pen Fd; Far East Pen Fd

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Continued on next page

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	Bid Price	Offer Price	+ or -	Yield Gross
Pearl Assurance (Unit Funds) Ltd				
Thorpe Wood, Peterborough PE3 6SA 0733 63212				
Prop. Dist. (Gross)	169.0	177.9	+0.1	-
Prop. Acc. (Gross)	289.7	305.0	.....	-
Equity (Gross)	814.9	857.7	+4.7	-
Managed (Gross)	568.2	598.2	+5.3	-
Prop. Acc. (Net)	134.9	142.0	.....	-
Equity (Net)	187.9	197.8	+2.1	-
Managed (Net)	173.3	182.5	+1.5	-
Internat'nal (net)	166.4	175.1	+1.5	-
Gilt & Fxd Interest	104.3	109.8	-0.3	-
Money Fund	116.9	123.1	+0.1	-
Pearl Assurance (Unit Linked Pens) Ltd				
Ret Man (Series 1)	577.8	608.3	+6.1	-
Ret Man (Series 2)	195.9	206.3	+1.7	-
Ret Man (Series 3)	130.7	130.7	+1.1	-
Ret Cash	157.2	165.4	.....	-
Ret Cash (Series 3)	130.5	130.5	.....	-
Pegasus Assurance Ltd				
Broad Quay, Bristol BS1 4DJ 0272 230271				
Life Funds				
Managed Aggressive	104.6	110.1	+0.4	-
Managed Balanced	97.6	102.8	+0.2	-
Managed Cautious	93.6	98.6	.....	-
Pension Funds				
Managed Aggressive	105.5	111.1	+0.4	-
Managed Balance	99.2	104.5	+0.3	-
Managed Cautious	94.7	99.70	.....	-
Pioneer Mutual Insurance Co Ltd				
16 Crosby Rd, N. Waterloo, Liverpool 051-928 6655				
Managed Fund	319.0	335.8	.....	-
Man Pens Inc & Cap Fds	424.4	446.8	.....	-
Money Fund	131.7	138.7	.....	-
Pens Mngd Fd (Init)	115.1	121.2	.....	-
Pens Mngd Fd (Acc)	148.6	156.5	.....	-
Pens FT30 Fd (Init)	143.7	151.3	.....	-
Pens FT30 Fd (Acc)	185.5	195.3	.....	-
Pens O'seas MgFd(Init)	79.1	83.3	.....	-
Pens O'seas MgFd(Acc)	102.2	107.6	.....	-
Pens Fxd Int Fd (Init)	102.3	107.7	.....	-

	Bid Price	Offer Price	+ or -	Yield Gross
Prudential Assurance Co				
Holborn Bars, London EC1N 2NH 071-405 9222				
Prufund				
Managed July 11	247.8	258.2	.....	-
Prudential Holborn Life Ltd				
30 Old Burlington St, London W1X 1LB 071-439 3134				
Holborn Series I Life Funds				
Managed	563.6	593.3	+6.7	-
Equity	1153.5	1214.3	+14	-
Fixed Interest	376.5	396.4	-1.0	-
Property	432.9	455.7	..	-
Cash	289.2	304.5	+0.1	-
International	401.0	422.2	+8.5	-
Holborn Series II Life Funds				
Managed	550.9	579.9	+6.5	-
Equity	1124.5	1183.7	+13.7	-
International	392.1	412.8	+8.3	-
Fixed Intl.	365.7	385.0	-0.9	-
Property	420.6	442.8	-0.1	-
Cash	281.3	296.2	+0.1	-
Pacific Basin	213.6	224.9	+2.9	-
North American	151.1	159.1	+6.4	-
European	192.8	203.0	+2.6	-
Holborn Balanced Gwth.	115.0	121.1	+0.6	-
Holborn Strategic Gwth.	114.9	121.0	+0.5	-
Prudential Holborn Pensions Ltd				
30 Old Burlington St, London W1X 1LB 071-439 3134				
Managed	583.2	613.9	+4.7	-
Equity	845.4	889.9	+6.8	-
Global Equity	246.5	259.5	+3.9	-
Fixed Interest	408.2	429.7	+0.3	-
Property	432.7	455.5	.....	-
Cash	180.8	190.4	+0.1	-
Index Linked Gilt	205.5	216.4	-0.6	-
Guaranteed	13.87		+0.12	-
International Money	209.7	220.8	+0.8	-
North American	73.8	77.7	+3.2	-
Japanese	123.5	130.1	-1.7	-
European	113.9	119.9	+0.9	-
Special Situations	116.3	122.5	+0.5	-
Communications	92.9	97.8	+1.0	-

OFFSHORE INSURANCES

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

CANADA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

GUERNSEY (REGULATED)

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Kleinwort Benson Intl Fd Mngrs Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
KB Int.Ac.Bd Acc	£8.760	9.230	--	-
KB Japan Fund	$259.90		--	-
KB Sterling Assets	£28.31	28.31	--	-
Signet Fd Bermuda	$16.97		--	0.96

*Offer price inclusive of maximum preliminary charge

Kleinwort Benson Islamic Fd Mngmt Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
Islamic Fund	£6.40	6.981	+0.05	0.48

Garlmore Fund Managers International Ltd

PO Box 278, 45 La Motte St, Jersey 0534 27535

Capital Strategy Fund Ltd

	Init Charge	Bid Price	Yield
American Fd	$-	1.760	-
Canadian Fd	C$-	0.8873	1.00
British Fund	£-	2.301	3.00
European Fund	DM-	6.011	-
Eastern European	DM-	5.496	-
Asia Pacific Fd	$-	2.420	-
Japan Fund	Y-	756.6	-
Australasian Fd	A$-	0.3551	1.00

John Govett (Channel Islands) Ltd

PO Box 443, St Helier, Jersey 0534 75141

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Greenspan knocks dollar lower

THE DOLLAR fell sharply a few minutes after the close of trading in London. This followed remarks about a possible easing of US credit policy made by Mr Alan Greenspan, chairman of the Federal Reserve Board, in testimony before the Senate Banking Committee.

He said that bank lending rates are firming despite a stable Federal funds rate. Mr Greenspan added: "We don't think tightening at this stage would be desireable and as a consequence may have to act to offset it."

The Fed added liquidity to the New York banking system yesterday, via overnight customer repurchase agreements, when Federal funds were trading at 8¼ per cent. The US authorities used similar methods on Wednesday when Fed funds were 8⁵⁄₁₆ per cent, but both moves were regarded as technical.

The dollar closed in London at DM1.6555, compared with DM1.6505 on Wednesday, but quickly fell to DM1.6300 in New York. It also retreated to Y146.65 in New York after closing at Y148.75 in London (Y148.65 on Wednesday), while falling to SFr1.3860 from SFr1.4035 (SFr1.4030) and to FFr5.4725 from FFr5.5525 (FFr5.5400). Bank of England figures, taken more than an hour before Mr Greenspan spoke, showed the dollar's index up 0.3 at 66.0.

Sterling also rose sharply against the dollar, after a volatile day. The pound closed ¼ cent lower at $1.7960 in London, but soon rose to $1.8185 in New York. Earlier the pound had been as low as $1.7770 in reaction to comments about West Germany made by Mr Nicholas Ridley, the UK Trade and Industry Secretary.

Dealers said Mr Ridley's remarks caused sterling to give up some of the gains induced by speculation about full UK membership of the European Monetary System, but there was a danger of over-reaction. The market was left rather confused however, because although the Trade Secretary "unreservedly withdrew" his comments he made no attempt to deny them. There was also no suggestion that Mr Ridley would be asked to resign over the issue.

At the London close the pound had recovered its early losses against the D-Mark. It fell to a low of DM2.9450, but closed at DM2.9725, against DM2.9675 on Wednesday. Sterling also advanced to FFr9.9725 from FFr9.9625, but was unchanged at Y267.25 and eased to SFr2.5200 from SFr2.5225. The pound's index fell 0.2 to 93.3.

The Spanish peseta fell back within its allowed band of movement within the EMS exchange rate mechanism. In Paris there was no sign of intervention by the Bank of France as the Spanish unit was fixed at FFr5.4760 per 100 pesetas, after being fixed at its ceiling of FFr5.4785 on Tuesday and Wednesday. The French franc strengthened slightly against the D-Mark, and was replaced as the weakest EMS currency by the Danish krone.

£ IN NEW YORK

July 12	Latest	Previous Close
£ Spot	1.7940-1.7950	1.7990-1.8000
1 month	1.00-0.98pm	1.01-0.99pm
3 months	2.89-2.86pm	2.97-2.95pm
12 months	9.52-9.45pm	9.62-9.57pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	July 12	Previous
8.30 am	93.6	93.7
9.00 am	93.5	93.5
10.00 am	93.1	93.6
11.00 am	92.9	93.7
Noon	93.0	93.6
1.00 pm	93.0	93.7
2.00 pm	93.0	93.4
3.00 pm	93.0	93.3
4.00 pm	93.3	93.5

CURRENCY RATES

July 12	Bank rate %	Special* Drawing Rights	European † Currency Unit
Sterling	-	0.743914	0.698792
U S Dollar	7	1.34336	1.24630
Canadian $	13.32	1.55736	1.44820
Austrian Sch	6½	15.5507	14.5480
Belgian Franc	10¼	45.5735	42.5797
Danish Krone	10½	8.40943	7.86911
Deutsche Mark	6.00	2.21144	2.06761
Neth.Guilder	7.00	2.49395	2.33045
French Franc	10¼	7.42878	6.93813
Italian Lira	13½	1620.79	1514.87
Japanese Yen	5¼	199.422	185.698
Norway Krone	8	8.47123	7.92769
Spanish Peseta	-	135.419	126.748
Swedish Krona	11	7.99769	7.48152
Swiss Franc	6.00	1.87332	1.75478
Greek Drach.	20½	N/A	202.361
Irish Punt	-	N/A	0.771175

† European Commission Calculations.
* All SDR rates are for July 11

CURRENCY MOVEMENTS

July 12	Bank of England Index	Morgan** Guaranty Changes %
Sterling	93.3	-18.9
U S Dollar	66.0	-12.7
Canadian Dollar	104.2	+1.5
Austrian Schilling	109.2	+11.3
Belgian Franc	110.7	-2.8
Danish Krone	109.8	+4.3
Deutsche Mark	117.6	+23.7
Swiss Franc	113.1	+21.6
Guilder	113.7	+15.3
French Franc	104.1	-12.4
Lira	100.9	-18.4
Yen	123.3	+52.8

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base Average 1985=100)**Rates are for July 11.

OTHER CURRENCIES

July 12	£	$
Argentina	9404.85-9445.95	5260.00-5280.00
Australia	2.2560-2.2585	1.2650-1.2660
Brazil	118.005-119.150	66.000-66.600
Finland	6.9070-6.9175	3.8740-3.8760
Greece	287.95-292.45	161.00-163.60
Hong Kong	13.8535-13.8670	7.7710-7.7730
Iran	124.50*	68.50*
Korea(Sth)	1281.05-1301.85	714.10-719.70
Kuwait	0.5215-0.5225	0.2905-0.2910
Luxembourg	61.30-61.40	34.10-34.20
Malaysia	4.8155-4.8275	2.7020-2.7040
Mexico	5136.90-5141.60	2873.00-2874.00
N. Zealand	3.0245-3.0295	1.6955-1.6975
Saudi Ar.	6.7305-6.7365	3.7495-3.7505
Singapore	3.2410-3.2490	1.8175-1.8195
S. Af (Cm)	4.7140-4.7260	2.6460-2.6475
S. Af (Fn)	6.9655-7.1045	3.9060-3.9840
Taiwan	48.30-48.40	27.10-27.15
U.A.E.	6.5900-6.5980	3.6715-3.6735

*Selling rate

EURO-CURRENCY INTEREST RATES

Jul 12	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	15-14⅞	15-14⅞	15-14⅞	15⅛-14⅞	14⅞-14⅞	14¾-14⅝
US Dollar	8⅜-8¼	9⅛-8⅞	8½-8¼	8⅜-8¼	8⅜-8¼	8½-8⅜
Can. Dollar	14-13¾	14-13¾	13¾-13½	13¾-13½	13⅞-13⅜	13⅜-13⅛
D. Guilder	7⅞-7⅝	7⅞-7¾	7⅞-7¾	8⅛-8⅛	8½-8⅜	8¾-8⅝
Sw. Franc	8¾-8½	9-8¾	9⅛-8⅞	9⅛-8⅞	8⅞-8⅞	8⅝-8⅞
Deutschmark	8¼-8⅛	8¼-8⅛	8¼-8⅛	8⅜-8¼	8⅝-8½	8⅞-8⅞
Fr. Franc	10½-10¼	10½-10¼	10⅛-10	10¼-10⅛	10⅜-10¼	10⅝-10½
Italian Lira	13-11	11⅛-10¾	11½-11	11½-11	11½-11⅛	11⅝-11½
Belgian Franc	9⅛-9⅛	9⅛-9⅛	9⅛-9⅛	9¼-9⅛	9½-9¼	9¾-9½
Yen	7⅝-7⅜	7½-7⅜	7⅝-7½	7⅞-7⅝	7¾-7⅝	7¾-7⅝
D.Krone	10½-10½	10½-10⅛	10½-10⅜	10⅝-10⅛	10⅝-10¼	10⅝-10¼
Asian $Sing	8½-8¼	8⅜-8¼	8½-8¼	8⅜-8¼	8⅜-8⅜	8½-8⅜

Long term Eurodollars: two years 8⅞-8⅞ per cent, three years 9⅛-8⅞ per cent; four years 9⅛-9 per cent; five years 9¼-9⅛ per cent nominal. Short term rates are call for US Dollars and Japanese Yen, others, two days' notice

POUND SPOT- FORWARD AGAINST THE POUND

July 12	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.7745-1.7995	1.7955-1.7965	1.01-0.99cpm	6.68	2.89-2.86pm	6.40
Canada	2.0705-2.0835	2.0810-2.0820	0.25-0.18pm	1.24	0.76-0.62pm	1.33
Netherlands	3.33-3.35¼	3.34¼-3.35¼	2-1⅞cpm	6.97	5½-5¼pm	6.52
Belgium	60.80-61.40	61.30-61.40	35-22cpm	5.61	94-74pm	5.51
Denmark	11.24-11.35	11.34-11.35	4¾-4orepm	4.66	15½-12pm	4.53
Ireland	1.0950-1.1125	1.1085-1.1095	0.50-0.45ppm	5.14	1.30-1.20pm	4.51
W. Germany	2.95½-2.97¼	2.97-2.97½	1⅝-1½pfpm	6.33	4¾-4½pm	6.25
Portugal	258.70-261.70	260.65-261.65	74-54cpm	2.94	137-89pm	1.73
Spain	181.05-182.70	182.30-182.60	2-5cdis	-0.23	8-4pm	0.13
Italy	2165¼-2182¼	2177½-2178½	7-6lirepm	3.60	20-18pm	3.51
Norway	11.31½-11.42¼	11.41¼-11.42¼	4⅞-3⅝orepm	4.23	11½-10½pm	3.88
France	9.91¼-9.99	9.96¾-9.97¾	4½-4cpm	4.99	11¾-11½pm	4.69
Sweden	10.69¾-10.79	10.78-10.79	3-2½orepm	3.08	7¼-6¼pm	2.50
Japan	265-267½	266¾-267¾	1¾-1⅝ypm	7.61	4⅞-4¾pm	7.23
Austria	20.79-20.97	20.93-20.96	11¼-10⅞gropm	6.48	33-30¾pm	6.09
Switzerland	2.51-2.53	2.51½-2.52½	1¼-1⅛cpm	5.68	3⅝-3½pm	5.68
ECU	1.4355-1.4400	1.4355-1.4365	0.59-0.56cpm	4.81	1.61-1.56pm	4.42

Commercial rates taken towards the end of London trading. Six-month forward dollar 5.45-5.40cpm 12 month 9.55-9.45cpm

DOLLAR SPOT- FORWARD AGAINST THE DOLLAR

July 12	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.7745-1.7995	1.7955-1.7965	1.01-0.99cpm	6.68	2.89-2.86pm	6.40
Ireland†	1.6130-1.6195	1.6160-1.6170	0.27-0.22cpm	1.82	0.76-0.66pm	1.76
Canada	1.1590-1.1635	1.1595-1.1605	0.52-0.54cdis	-5.48	1.48-1.53dis	-5.18
Netherlands	1.8605-1.8730	1.8660-1.8670	0.05-0.03cpm	0.26	0.04-0.01pm	0.05
Belgium	34.05-34.20	34.10-34.20	par-6.00cdis	-1.05	3.00-13.00dis	-0.94
Denmark	6.30¼-6.32¼	6.31½-6.32	0.95-1.25oredis	-2.09	2.70-3.40dis	-1.93
W. Germany	1.6545-1.6625	1.6550-1.6560	0.01pm-0.01dis	-0.07	par-0.02dis	-0.02
Portugal	145.35-145.80	145.70-145.80	40-50cdis	-3.71	160-185dis	-4.74
Spain	101.40-101.80	101.60-101.70	53-59cdis	-6.61	152-167dis	-6.28
Italy	1212-1217	1212½-1213	2.80-3.30liredis	-3.01	8.50-9.30dis	-2.93
Norway	6.34-6.36¼	6.35¾-6.36¼	1.20-1.45oredis	-2.50	3.90-4.40dis	-2.61
France	5.55-5.57½	5.55-5.55½	0.77-0.84cdis	-1.74	2.46-2.60dis	-1.82
Sweden	5.98½-6.01	6.00¼-6.00¾	1.79-1.94oredis	-3.73	5.83-6.17dis	-4.00
Japan	148.50-149.40	148.70-148.80	0.11-0.09ypm	0.80	0.27-0.24pm	0.68
Austria	11.64½-11.69	11.68¾-11.68¾	0.05pm-0.35grodis	-0.21	0.40-1.50dis	-0.33
Switzerland	1.4030-1.4100	1.4030-1.4040	0.08-0.11cdis	-0.81	0.24-0.30dis	-0.77
ECU	1.2460-1.2510	1.2490-1.2500	0.20-0.19cpm	1.88	0.64-0.62pm	2.02

Commercial rates taken towards the end of London trading. † UK, Ireland and ECU are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu July 12	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	42.1679	42.5797	+0.98	+0.56	±1.5508
Danish Krone	7.79845	7.86911	+0.91	+0.49	±1.6453
German D-Mark	2.04446	2.06761	+1.13	+0.71	±1.1762
French Franc	6.85684	6.93813	+1.19	+0.77	±1.3618
Dutch Guilder	2.30358	2.33045	+1.17	+0.75	±1.5272
Irish Punt	0.763159	0.771175	+1.05	+0.63	±1.6689
Italian Lira	1529.70	1514.87	-0.97	-1.39	±1.5162
Spanish Peseta	132.889	126.748	-4.62	-4.62	±4.2705

Changes are for Ecu, therefore positive change denotes a weak currency
Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

July 12	£	$	DM	Yen	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr
£	1	1.796	2.973	267.3	9.973	2.520	3.353	2178	2.082	61.35
$	0.557	1	1.655	148.8	5.553	1.403	1.867	1213	1.159	34.16
DM	0.336	0.604	1	89.91	3.355	0.848	1.128	732.6	0.700	20.64
YEN	3.741	6.719	11.12	1000.	37.31	9.428	12.54	8148	7.789	229.5
F Fr.	1.003	1.801	2.981	268.0	10.	2.527	3.362	2184	2.088	61.52
S Fr.	0.397	0.713	1.180	106.1	3.958	1	1.331	864.3	0.826	24.35
H Fl	0.298	0.536	0.887	79.72	2.974	0.752	1	649.6	0.621	18.30
Lira	0.459	0.825	1.365	122.7	4.579	1.157	1.539	1000.	0.956	28.17
C $	0.480	0.863	1.428	128.4	4.790	1.210	1.610	1046	1	29.47
B Fr	1.630	2.927	4.846	435.7	16.26	4.108	5.465	3550	3.394	100

Yen per 1,000: French Fr. per 10. Lira per 1,000. Belgian Fr. per 100.

FINANCIAL FUTURES AND OPTIONS

LIFFE LONG GILT FUTURES OPTIONS

LIFFE US TREASURY BOND FUTURES OPTIONS

LIFFE BUND FUTURES OPTIONS

LIFFE EUROMARK OPTIONS

LIFFE EURODOLLAR OPTIONS

LIFFE SHORT STERLING OPTIONS

LONDON (LIFFE)

CHICAGO

THREE-MONTH PIBOR FUTURES (MATIF) (Paris interbank offered rate)

	Open	Close	Change	High	Low	Yield	Open int
September	89.91	89.89	-0.01	89.95	89.87	10.11	12,225
December	89.91	89.88	-0.01	89.94	89.85	10.12	4,240
March	89.90	89.89	+0.01	89.94	89.87	10.11	1,864
June	89.80	89.87	-0.05	89.90	89.87	10.10	78

Estimated volume 6,973 Total Open Interest 18,407

CAC-40 FUTURES (MATIF) Stock Index

	Open	Close	Change	High	Low	Open Int
July	1989.0	1992.0	+1.0	1997.0	1981.5	5,308
August	1999.0	1992.0	-	2005.0	1992.0	670
September	2006.0	2006.0	+9.0	2006.0	2006.0	10
December	-	-	-	-	-	-

Estimated volume 3,718 Total Open Interest 5,988

POUND-$ (FOREIGN EXCHANGE)

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.7960	1.7860	1.7673	1.7418	1.7010

IMM-STERLING $s per £

	Latest	High	Low	Prev
Sep	1.7644	1.7650	1.7612	1.7792
Dec	1.7358	1.7390	1.7358	1.7526
Mar	-	-	1.7130	1.7292

BASE LENDING RATES

	%		%		%
ABN Bank	15	Coutts & Co	15	NatWestminster	15
Adam & Company	15	Cyprus Popular Bk	15	Northern Bank Ltd	15
Allied Trust Bank	15	Dunbar Bank PLC	15	Nykredit Mortgage Bank	15½
Allied Irish Bank	15	Duncan Lawrie	15	Provincial Bank PLC	16
● Henry Ansbacher	15	Equatorial Bank plc	15	Roxburghe Bank Ltd.	15½
Associates Cap Corp	15½	Exeter Trust Ltd	15½	Royal Bk of Scotland	15
● B & C Merchant Bank	15	Financial & Gen. Bank	15	Royal Trust Bank	15
Bank of Baroda	15	First National Bank Plc.	16½	● Smith & Williamson Secs.	15
Banco Bilbao Vizcaya	15	● Robert Fleming & Co.	15	Standard Chartered	15
Bank Credit & Comm	15	Robert Fraser & Ptnrs.	15½	TSB	15
Bank of Cyprus	15	Girobank	15	Unibank plc	15
Bank of Ireland	15	● Guinness Mahon	15	● United Bk of Kuwait	15
Bank of India	15	HFC Bank plc	15	United Mizrahi Bank	15
Bank of Scotland	15	● Hambros Bank	15	Unity Trust Bank Plc	15
Banque Belge Ltd	15	Hampshire Trust Plc	15½	Western Trust	15
Barclays Bank	15	Heritable & Gen Inv Bnk.	15	Westpac Bank Corp.	15
Benchmark Bank PLC	15	● Hill Samuel	§15	Whiteaway Laidlaw	15
Brit Bk of Mid East	15	C. Hoare & Co.	15	Yorkshire Bank	15
● Brown Shipley	15	Hongkong & Shangh	15		
CL Bank Nederland	15	● Leopold Joseph & Sons	15		
● Charterhouse Bank	15	Lloyds Bank	15		
Citibank NA	15	Meghraj Bank Ltd	15		
City Merchants Bank	15	McDonnell Douglas Bnk.	15		
Clydesdale Bank	15	Midland Bank	15		
Comm. Bk. of London Plc	15	Mount Banking	15		
Co-operative Bank	°15	Nat Bk. of Kuwait	15		

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MONEY MARKETS

Slightly firmer tone

INTEREST RATES had a slightly firmer tone in London, as financial markets reacted nervously to remarks attributed to the UK Trade and Industry Secretary. Three-month sterling interbank rose to 15-14⅞ per cent from 14⅞-14⅞, and 12-month money was quoted at 14¾-14⅝ per cent against 14⅞-14⅝.

Short sterling futures were volatile on Liffe after the cash market had closed, following suggestions of possible lower US interest rates. December delivery opened lower at 86.07, and touched 86.20, before closing at 86.08, against 86.09 previously.

UK clearing bank base lending rate 15 per cent from October 5

Credit was in short supply on the money market. The Bank of England forecast a day-to-day shortage of £950m, and gave total assistance of £810m.

An early round of help was offered and at that time the authorities bought £269m bills outright, by way of £100m bank bills in band 1 at 14⅞ per cent and £169m bank bills in band 2 at 14¾ per cent. In further operations before lunch the Bank of England purchased £97m bills, via £4m Treasury bills in band 1 at 14⅞ per cent; £7m bank bills in band 1 at 14⅞ per cent; and £86m bank bills in band 2 at 14¾ per cent.

In the afternoon another £339m bills were bought, through £88m bank bills in band 1 at 14⅞ per cent; £200m Treasury bills in band 2 at 14¾ per cent; and £51m bank bills in band 2 at 14¾ per cent. Late assistance of around £105m was also provided.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £168m, with the unwinding of repurchase agreements on bills absorbing £422m, Exchequer transactions £180m, a rise in the note circulation £80m, and bank balances below target £90m.

In Frankfurt call money was unchanged at 8.10 per cent, despite the injection of a net DM5.7bn at this week's securities repurchase agreement tender. There was no change in credit policies at yesterday's first Bundesbank council meeting to be held in East Berlin.

In Paris the Bank of France left its money market intervention rate at 9½ per cent and its five to 10-day repurchase rate at 10¼ per cent at yesterday's securities repurchase tender. Call money remained high at 10½-10⅝ per cent however as banks bid for funds at the end of their monthly reporting period.

FT LONDON INTERBANK FIXING

(11.00 a.m. July 12) 3 months US dollars		6 months US Dollars	
bid 8¼	offer 8⅜	bid 8⅛	offer 8¼

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK (Lunchtime)

		Treasury Bills and Bonds			
Prime rate	10	One month	6.86	Three year	8.47
Broker loan rate	9¾	Two month	7.44	Four year	8.53
Fed funds	8¼	Three month	8.06	Five year	8.51
Fed. funds at intervention	8¼	Six month	8.17	Seven year	8.61
		One year	8.22	10-year	8.59
		Two year	8.41	30-year	8.58

July 12	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	8.00-8.20	8.00-8.15	8.05-8.20	8.15-8.30	8.40-8.55	8.00
Paris	10⅛-10¼	10-10⅛	10-10⅛	10⅛-10¼	10⅛-10¼	9.50
Zurich	8½-8⅝	8⅞-9⅛	-	8⅞-9⅛	-	-
Amsterdam	7.75-7.88	7.95-8.05	-	8.18-8.28	-	-
Tokyo	7⅛-7⅜	7½-7⅜	-	7⅝-7⅞	-	-
Milan	11-11½	11⅛-11⅜	-	11⅛-11⅜	-	-
Brussels	8.35	9⅛-9⅛	-	9⅛-9⅛	-	-
Dublin	10⅛-10½	10⅛-10½	10⅛-10⅛	10⅛-10⅛	10⅛-10⅛	-

LONDON MONEY RATES

Jul 12	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	15¼	15	15	15	15	14¾
Interbank Bid	14⅞	14⅞	14⅞	14⅞	14⅞	14⅝
Sterling CDs	-	-	14⅞	14⅞	14⅞	14⅝
Local Authority Deps.	14⅞	14⅞	14⅞	14⅞	14⅞	14⅝
Local Authority Bonds	-	-	-	-	-	-
Discount Mkt Deps.	15	14⅞	14¾	14½	-	-
Company Deposits	-	-	14⅞	15	14⅞	14⅞
Finance House Deposits	-	-	14⅞	15	14⅞	14⅞
Treasury Bills (Buy)	-	-	14⅞	14⅞	-	-
Bank Bills (Buy)	-	-	14⅞	14⅝	13⅞	-
Fine Trade Bills (Buy)	-	-	15⅛	15	14⅞	-
Dollar CDs	-	-	8.30	8.30	8.35	8.47
SDR Linked Dep. Offer	-	-	8¾	8⅞	9	9⅛
SDR Linked Dep. Bid	-	-	8⅝	8¾	8⅞	9
ECU Linked Dep. Offer	-	-	9⅞	10⅛	10⅛	10⅝
ECU Linked Dep. Bid	-	-	9⅞	10⅛	10⅛	10½

Treasury Bills (sell): one-month 14⅞ per cent; three months 14⅝ per cent; six months 13⅞ per cent; Bank Bills (sell): one-month 14⅞ per cent; three months 14⅞ per cent; Treasury Bills; Average tender rate of discount 14.3341 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day June 29, 1990. Agreed rates for period July 25, 1990 to August 25, 1990, Scheme I: 15.84 p.c., Schemes II & III: 16.25 p.c. Reference rate for period June 1, 1990 to June 29, 1990, Scheme IV&V: 15.025 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 15½ from July 1, 1990. Bank Deposit Rates for sums at seven days notice 4 per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 11½ per cent; one-three months 13 per cent; three-six months 13 per cent; six-nine months 13 per cent; nine-twelve months 13 per cent; Under £100,000 11½ per cent from Oct 9, 1989. Deposits withdrawn for cash 5 per cent.

MONEY MARKET FUNDS

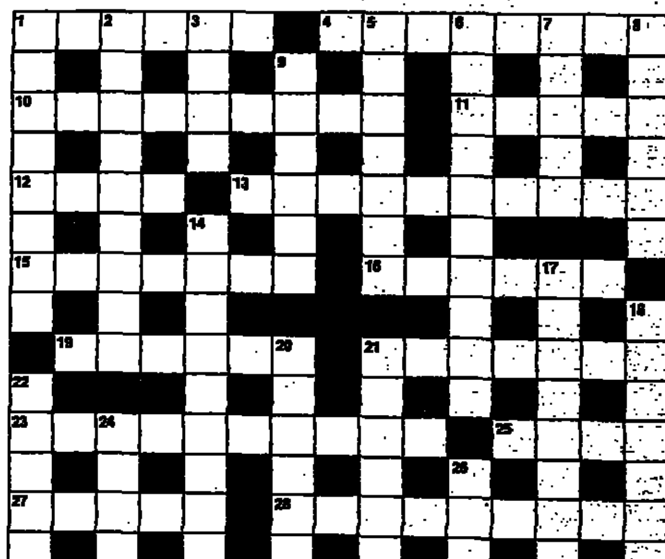
Money Market Trust Funds

Money Market Bank Accounts

JOTTER PAD

CROSSWORD

No.7,288 Set by DINMUTZ



ACROSS
1 Sound broadcast? (6)
4 Turner's work, for example, the main view .... (8)
10 .... of subject of mishap, set at sea (9)
11 Woman in veil to stay right inside (5)
12 Huntsmen returning empty? (4)
13 Turret Elia used to produce essays, etc? (10)
15 Bloody tunic of old soldier (7)
16 Exchange second character opening Macbeth (6)
19 Quite a twist for cathedral architect to take on a small church (6)
21 Late shift? (7)
23 It grows up very slowly in a hollow (10)
25 Softwood trade (4)
27 Urticaria can be cured only from the inside (5)
28 Else or Rose White turning out? (9)
29 Leave behind what is done with and consume! (8)
30 Goober, an insignificant person in America (6)

DOWN
1 But it is not related to the forget-me-not! (8)
2 Preliminary offer from claimant? (9)
3 One is inclined to rush about excitedly (4)
5 Speak nonstop? (7)
6 Low tar some consider dangerous (10)
7 Disappear, encased in gold, for so long (5)
8 Team appearing one by one? (6)
9 Prudence and Henry in Firth, perhaps (8)
14 Meandering in Rhode Island, you say? (10)
17 The theatre for The Touchstone? (9)
18 Do campers use it for changing? (4-4)
20 Poisonous plant close to border (7)
21 Captain's first to wreck yacht – that is easily remembered (6)
22 Monetary unit does somehow include copper (6)
24 White poplar Jack Lee cut up (5)
26 Fare from France (using our lines, that is) (4)

Solution to Puzzle No.7,287

P	O	S	T	E	R		H	O	U	S	E	M	A	N
U		E		M				X		T		O		O
L	O	A	D	E	D		D	E	C	R	E	P	I	T
L		F		R		C		N		A		P		J
O	R	A	N	G	E	R	Y		C	I	C	E	R	O
V		R		E		Y		M		N		T		N
E	V	E	N		A	S	P	I	R	E	S			
R		R		J		T		S		D		S		C
			B	E	C	A	U	S	E		D	I	V	A
G		S		T		L		I		L		C		R
H	E	A	R	T	Y		U	N	M	A	S	K	E	D
A		L		I		S		G		H		L		F
S	N	A	P	S	H	O	T		C	O	M	I	N	G
E		A		O		R				R		S		A
D	O	M	I	N	O	E	S		B	E	A	T	E	N

WORLD STOCK MARKETS

AUSTRIA

July 12	Sch	+ or −
Austrian Airlines	4,950	...
Creditanstalt	6,400	+50
Erste Allgemeine	25,450	+1,150
Jungbunzlauer	14,200	−50
Laenderbank	1,380	...
OeMV	12,200	+350
Perlmooser	2,100	+85
Rodex	1,320	+29
Brauunion	2,820	+50
Steyr-Daimler	226	+1
Veitscher Mag	1,265	+35
Vertund	643	+24
Wienerberger	6,090	+140

BELGIUM/LUXEMBOURG

July 12	Frs.	+ or −
Arbed	5,240	...
B B L	2,940	+10
Bank Intl. a Lux	15,350	−50
Banque Gen. Du. Lux	14,400	−100
Banque Nat Belg	36,125	−275
Barco	2,210	+5
Bekaert B	13,900	−25
Ciment CBR	9,260	+120
Cobepa	5,600	−10
Do. AFV 1	5,570	−10
Cockerill	182	−2
Colruyt	2,970	+215
Delhaize	6,410	...
EBES	3,950	+5
Do. AFV 1	3,865	+10
Fabrique Nat	210	−11
GIB Group	1,402	+20
Do. AFV	1,380	+4
GBL (Brux)L	3,920	−5
Do. AFV 1	3,935	...
Gechem	844	−6
Do. AFV	820	+6
Generale Bank	5,160	−20
Do AFV 1	5,060	−10
Gevaert	8,400	−30
Intercom	3,175	−5
Do AFV 1	3,050	...
Kredietbank	3,895	+15
Do. AFV	4,195	+200
Pan Holdings	15,280	[illegible]

FRANCE (continued)

July 12	Frs.
Beghin-Say	910
Do. Certs	620
Bongrain	3,336
Bouygues	632
CGIP	1,245
CMB Packaging	190
Carrefour	3,605
Casino	146
Cetelem	558
Chargeurs	988
Ciments Fr.	1,700
Club Mediterranee	612
Coflexip	359
Copell	405
DoE	634
Coparex	586
CCF	223
Cred Foncier Fr	1,240
Cred Lyonn (CI)	784
Credit National	1,402
Damart	2,734
Docks de France	3,808
Dollfus-Mieg	522
Dumez S.A.	768
Eaux (Cie Gen)	2,619
Ecco	510
Electrofin'nc	961
Elf-Aquitaine	645
Do. Certs	477
Epeda-Bertrand	1,225
Essilor	2,600
Elevalis (Fin)	2,100
Eurafrance	2,020
Eurocom	2,109
Euro Disneyland	100.2
Euromarche	4,167
Exor	1,680
Finextel	179
Fonciere Lyon	1,002
Framagaries	2,380
GTM-Entrepose	1,763
Gaumont (Sec M)	1,050
Gen Geophysique	1,170
Gen. Occidentale	754
Hachette	310.6
Havas	629
Imetal	353
Immobiliere de Fr	1,450

CANADA

TORONTO

2pm prices July 12

INDICES

NEW YORK

DOW JONES	July 11	July 10	July 9	July 6	1990 HIGH	1990 LOW	Since compilation HIGH	Since compilation LOW
ϕIndustrials	2932.67	2890.84	2914.11	2904.95	2935.89 (15/6)	2543.24 (30/1)	2935.89 (15/6/90)	41.22 (2/7/32)
Home Bonds	90.96	90.93	90.93	91.04	93.04 (3/1)	88.48 (2/5)	—	—
Transport	1155.29	1145.62	1149.09	1140.69	1212.77 (6/6)	1031.83 (30/1)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	204.79	203.60	205.11	206.11	236.23 (2/1)	203.09 (30/4)	236.23 (2/1/90)	10.50 (8/4/32)

ϕDay's High 2942.33 (2928.22) Low 2890.10 (2882.18)

STANDARD AND POOR'S	July 11	July 10	July 9	July 6	1990 HIGH	1990 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	361.23	356.49	359.52	358.42	367.40 (4/6)	322.98 (30/1)	367.40 (4/6/90)	4.40 (1/6/32)
Industrials	427.54	420.98	424.10	422.33	428.34 (4/6)	371.92 (30/1)	428.34 (4/6/90)	3.62 (21/6/32)
Financial	28.59	28.35	28.72	28.71	31.87 (3/1)	26.59 (27/4)	35.24 (9/10/89)	8.64 (1/10/74)
NYSE Composite	197.11	194.76	196.23	195.78	200.21 (4/6)	178.43 (30/1)	200.21 (4/6/90)	4.46 (25/4/42)
Amex Mkt. Value	359.41	357.73	358.65	358.87	382.45 (5/1)	342.64 (24/4)	397.03 (10/10/89)	29.31 (9/12/72)
NASDAQ Composite	463.90	460.97	461.68	460.53	468.86 (13/6)	410.72 (30/1)	485.73 (9/10/89)	54.87 (31/10/72)

	July 6	Jun 29	Jun 22	year ago (approx.)
Dow Industrial Div. Yield	3.71	3.74	3.77	3.63

	Jul 4	Jun 27	Jun 20	year ago (approx.)
S & P Industrial div. yield	2.92	2.97	2.93	3.09
S & P Indl. P/E ratio	17.00	16.70	16.87	12.97

NEW YORK ACTIVE STOCKS

Wednesday	Stocks traded	Closing price	Change on day
Wal-Mart	3,734,200	33⅛	+ ⅛
Philip Morris	2,425,000	49⅛	+ 1⅛
AT & T	2,371,400	37⅜	- ⅛
Glaxo Hldgs	1,908,900	31⅛	+ ⅛
Unocal	1,624,800	27⅛	+ 1½
Gen Acc	1,453,200	72⅛	+ 1⅛
Ford Motor	1,420,000	43	- ⅛
Fannie Mae	1,233,500	42⅛	+ ⅞
Bristol Myers	1,148,300	64	+ ⅞
Citicorp	1,106,800	21⅞	+ ⅛

TRADING ACTIVITY

† Volume Millions	July 11	July 10	July 9
New York	162.220	147.630	119.390
Amex	12.997	11.919	11.057
NASDAQ	(u)	142.271	118.502
Issues Traded	1,984	1,990	1,972
Rises	969	541	755
Falls	498	968	668
Unchanged	517	481	549
New Highs	75	62	65
New Lows	55	50	40

CANADA

TORONTO	July 11	July 10	July 9	July 6	1990 HIGH	1990 LOW
Metals & Minerals	3293.20	3244.88	3234.20	3271.00	3453.05 (4/1)	2850.80 (23/4)
Composite	3544.52	3527.94	3540.64	3549.80	4009.47 (3/1)	3334.20 (1/5)
MONTREAL Portfolio	1837.57	1828.55	1833.65	1840.71	2060.90 (3/1)	1720.25 (27/4)

Base values of all Indices are 100 except NYSE All Common−50; Standard and Poor's−10; and Toronto Composite and Metals−1000. Toronto Indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

	July 12	July 11	July 10	July 9	1990 HIGH	1990 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1607.2	1591.6	1581.2	1586.9	1713.7 (12/1)	1434.5 (30/4)
All Mining (1/1/80)	762.3	750.5	750.3	754.5	860.8 (5/1)	711.7 (2/7)
AUSTRIA						
Credit Aktien (30/12/84)	644.96	632.05	630.65	629.77	703.29 (19/3)	536.59 (2/1)
BELGIUM						
Brussels SE (Cash Mkt) (1/1/80)	6238.44	6224.31	6235.13	6244.17	6599.43 (12/1)	5568.16 (26/2)
DENMARK						
Copenhagen SE (3/1/83)	378.71	377.51	376.74	377.98	382.50 (15/6)	352.96 (25/4)
FINLAND						
Unitas General (1975)	535.8	535.0	537.0	538.6	677.3 (23/1)	535.0 (11/7)
FRANCE						
CAC General (31/12/82)	529.64	524.85	531.54	535.77	564.62 (30/5)	482.94 (26/2)
CAC 40 (31/12/87)	1975.18	1970.58	1963.02	1990.17	2129.32 (20/4)	1800.32 (26/2)
GERMANY						
FAZ Aktien (31/12/58)	815.96	806.26	807.18	816.23	830.92 (3/4)	732.71 (24/1)
Commerzbank (1/12/53)	2360.4	2329.9	2333.0	2360.4	2414.0 (3/4)	2151.5 (24/1)
DAX (30/12/87)	1916.22	1917.89	1909.63	1923.86	1968.55 (30/3)	1756.41 (24/1)
HONG KONG						
Hang Seng Bank (31/7/64)	3468.59	3440.93	3408.16	3385.15	3468.59 (12/7)	2738.24 (1/2)
IRELAND						
ISEQ Overall (4/1/88)	1645.11	1633.30	1672.54	1680.89	1893.10 (22/1)	1582.61 (2/5)
ITALY						
Banca Com. Ital. (1972)	731.88	722.89	720.66	729.88	763.52 (14/6)	646.73 (26/2)
JAPAN						
Nikkei (16/5/49)	32575.32	32294.18	32152.43	32538.28	38712.88 (4/1)	28002.07 (2/4)
Tokyo SE (Topix) (4/1/68)	2354.24	2351.57	2337.77	2362.41	2867.70 (4/1)	2058.82 (5/4)
2nd Section (4/1/68)	4418.71	4406.74	4387.67	4397.72	4418.71 (12/7)	3313.92 (5/4)
MALAYSIA						
KLSE Composite (4/4/86)	606.12	594.33	592.57	592.18	622.20 (20/2)	518.53 (2/5)
NETHERLANDS						
CBS TU Rtn.Gen.(End 1983)	266.5	263.8	262.7	264.1	269.0 (3/1)	240.1 (26/2)
CBS All Shr (End 1983)	198.5	196.4	195.7	196.7	206.3 (3/1)	184.2 (26/2)
NORWAY						
Oslo SE (Ind) (2/1/83)	853.40	846.70	843.44	833.75	859.05 (5/6)	701.67 (2/1)
PHILIPPINES						
Manila Comp (2/1/85)	889.04	889.67	888.54	884.79	1160.70 (21/3)	740.31 (6/6)
SINGAPORE						
SES All-Singapore (2/4/75)	438.21	435.43	434.26	433.70	443.34 (6/2)	401.34 (30/4)
SOUTH AFRICA						
JSE Gold (28/9/78)	1441.0ϕ	1483.0	1463.0	1525.0	2230.0 (16/1)	1322.0 (20/6)
JSE Industrial (28/9/78)	2960.0ϕ	2960.0	2953.0	2956.0	3211.0 (6/2)	2794.0 (25/4)
SOUTH KOREA**						
Korea Comp Ex. (4/1/80)	701.91	711.00	718.75	715.28	928.82 (4/1)	688.66 (30/4)
SPAIN						
Madrid SE (30/12/85)	305.59	303.57	302.77	300.84	305.59 (12/7)	248.17 (2/4)
SWEDEN						
Affarsvariden Gen. (1/2/37)	1326.2	1320.9	1326.3	1325.8	1329.9 (5/7)	1127.20 (2/4)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	845.3	844.2	842.3	843.0	845.3 (12/7)	737.6 (27/3)
TAIWAN**						
Weighted Price (30/6/66)	4636.09	4953.97	5206.61	4986.40	12495.34 (10/2)	4524.55 (5/7)
THAILAND						
Bangkok SET (30/4/75)	1056.46	1054.79	1032.07	(c)	1087.53 (3/7)	760.39 (7/2)
WORLD						
M.S. Capital Intl. (1/1/70)	(u)	528.3	524.5	526.0	571.0 (4/1)	468.3 (2/4)

**Saturday July 7: Taiwan Weighted Price: 4905.83. Korea Comp Ex. 713.41

ϕ Subject to official recalculation.

Base values of all Indices are 100 except: Brussels SE, ISEQ Overall and DAX−1,000, JSE Gold−255.7, JSE 26 Industrials − 264.3 and Australia All Ordinary and Mining − 500; (c) Closed. (u) Unavailable.

TOKYO - Most Active Stocks

Thursday July 12 1990

	Stocks Traded	Closing Prices	Change on day		Stocks Traded	Closing Prices	Change on day
Nippon Oil	14.5m	1,430	+50	Okumura Corp.	6.2m	1,940	-30
Nippon Steel	9.1m	552	-11	Japan Mtls Chm	5.4m	1,790	unc
Toda Constrctn	7.5m	2,280	-40	Makita Electr Wks	5.2m	2,990	+90
Komatsu	7.2m	1,260	unc	Honshu Paper	4.8m	3,080	+10
Yakult Honsha	7m	3,050	+100	Sumitomo Electrc	4.8m	1,620	unc

3pm prices July 12

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
		– A – A – A –								
37½	19	AAR	.48	2.1	14	77	22⅞	22½	22⅞	+⅛
9¾	8	ACM n	1.01	12.		143	8⅞	8⅝	8¾	+⅛
11⅜	9⅞	ACMIn	1.26	12.		574	10⅜	10¼	10¼	–⅛
9¾	7¼	ACM M n	1.01	12.		296	8¼	8⅛	8⅛	–⅛
12⅛	10	ACMMM				181	11¼	11⅛	11⅛	
11½	9⅞	ACM Sc	1.26	12.		522	10½	10	10½	+⅛
9⅜	8⅛	ACMSp	1.01	12.		365	8½	8⅜	8⅜	
24⅝	14⅞	AL Lab	.16	.7	21	274	23	22½	23	
5¾	2¼	AM Intl				503	2⅜	2¼	2⅜	+⅛
23⅛	10¼	AM In pf	2	16		60	12⅞	12	12⅝	+⅛
107¼	62½	AMR			12	2892	61⅞	60⅛	60⅝	–1⅛
4¾	3	ARX				5	3¼	3¼	3¼	
72¾	41⅞	ASA	3a	6.5		1367	46⅞	44⅞	46	+1⅛
44	29⅝	AbtLab	s.84	1.9	21	6735	44	43	43⅞	
15½	11¼	AbitibI g	.50			21	13¾	13⅝	13¾	+⅛
12⅛	7½	AcmeC	.40	4.9	10	48	8⅞	8	8⅛	–⅛
9¾	7⅝	AcmeE	.32	3.8	10	3	8⅜	8⅜	8⅜	
46¼	28⅝	Acuson			28	1223	u47¼	46¼	46½	+⅛
16½	13⅞	AdaEx	2.06e	13.		89	16⅜	16¼	16⅜	+⅛
15⅜	10	Adobe				76	11⅜	11⅛	11⅜	
21⅝	20⅛	Adob pf	2.40	11.		16	21	20⅞	21	
11⅞	6⅞	AMD			20	2061	9⅜	9⅛	9⅛	–⅛
32¾	28¼	AMD pf	3	9.8		154	31⅛	30½	30½	–⅜
10⅛	3⅛	Advest	.16	4.0	50	71	4	4	4	
62½	46¼	AetnLf	2.76	5.2	9	1621	53⅛	52⅞	53⅛	+⅛
13⅞	9¾	AflPb	.24	2.3		668	10¼	10⅛	10¼	+⅛
25	16⅛	Ahmans	.88	4.1	10	2444	21½	20¾	21½	+½
3⅝	1⅞	Aileen				60	2½	2½	2½	
58½	40⅛	AirPrd	1.44	2.4	15	1370	u59½	58¼	59⅛	+1
26	14	AirFrt s			17	677	25¾	25¼	25⅝	+½
25⅛	15½	Airgas			30	21	19½	19¼	19¼	–⅛
20¾	16½	Airlease	2.62	14.	9	13	18⅛	18⅛	18¼	+⅛
10¼	9⅛	AlaP dpf	.87	9.3		16	9⅜	9⅜	9⅜	+⅛
103½	96	AlaP pf	9.44	9.7		z50	97¾	97¾	97¾	–¼
91	84	AlaP pf	8.28	9.5		z150	87	85¾	87	+1
30½	19¼	AlskAir	.20	.9	11	208	22⅞	22½	22⅞	+⅛
23½	14⅛	Albnyln	.35	2.6	9	621	14⅜	d13⅞	13⅞	–⅜
27¼	20	Alberto	s.20	.8	22	73	26⅛	26¼	26⅝	
20⅞	15¾	AlCulA	s.20	1.0	17	91	20⅜	20½	20¾	+⅛
36¾	24⅛	Albtsn s	.48	1.3	24	1311	36⅜	35½	36	–¼
25⅛	16⅞	Alcan	1.12	4.7	7	3899	23¾	23⅜	23⅝	+¼
36⅝	28⅛	AlcoStd	.84	2.3	14	585	36⅜	35⅝	36⅜	+⅝
34	23¼	AlexAlx	1	4.3	15	690	23½	d23	23¼	–⅜
64½	37⅝	Alexdr				13	37⅝	d37½	37⅝	–⅜
101⅛	81¾	AllegCp	1.72t	2.0	9	5	86½	86½	86½	–¼
1¼	7-32	vjAlgInt				37	7-16	13-32	7-16	
33⅜	21⅝	AlgLud s			9	31	32¾	32½	32¾	+⅛
42½	36¾	AligPw	3.16	8.3	10	453	38⅛	37¾	37⅞	–¼
19⅜	9	AllenG			22	599	u19⅝	18⅝	18⅝	–⅜
20¾	11½	Allen pf	1.75	8.3		370	u21½	21	21	+½
26½	12¼	Alrgn n	.19e	1.0		3047	18⅝	18	18⅛	–½
17⅞	12½	AlnCap	1.85e	11.	17	128	15⅛	15⅛	15⅛	
17	12⅞	AlGIE n				201	13¼	13	13¼	–¼
12⅛	9	AlNEu n				472	10⅞	10⅝	10¾	
25⅜	21¼	Allah pf	2.97	13.		110	22⅛	22	22⅛	–⅛
19¾	4⅝	AlldPd			10	43	7⅞	7⅝	7⅝	+⅛
40⅛	31⅞	AldSgnl	1.80	5.1	10	1589	35⅞	35½	35½	–⅛
10⅞	8⅞	AMIT	.78a	7.5		130	10⅜	10¼	10⅜	
10⅛	9¼	AMIT2	n.73a	7.5		198	9⅞	9⅝	9¾	–⅛
10	8⅞	AMIT3	n.64	7.3		31	9	8¾	8¾	–⅛
11⅛	10	AMIO	.84a	7.9		149	10⅝	10½	10⅝	
10½	9	AMIO2	.72	7.5		116	9⅝	9½	9⅝	+⅛
10⅛	9⅝	AMIO3	n.49	4.9		280	9⅞	9¾	9⅞	+⅛
9⅞	8⅞	AMPI	n.69a	7.6		168	9⅛	9	9⅛	+⅛
41⅞	30	ALTEL	1.28	3.9	14	3855	33⅜	32	32⅞	+⅞
79⅝	59⅜	Alcoa	1.60e	2.3	7	4829	69	67⅜	68⅛	+½
20¼	11⅞	AmaxG	.08	.6	24	163	14⅛	13½	14⅛	+¼
29¾	20⅞	Amax	.80	3.0	8	2379	26⅛	25⅞	26¼	–⅛
18⅝	6⅛	AmBes	.10j		8	1141	7	6⅝	7	+¼
13	8⅞	Amcast	.48	4.9	15	17	9⅞	9⅞	9⅞	–¼
14⅞	9-32	vjAmdur				56	⅜	11-32	11-32	
51⅞	37½	AmHes	.60	1.3	13	4204	47⅛	46½	47⅞	+1⅞
10⅜	9¾	AmAdj	n.84	8.4		17	10	10	10	
20⅞	10 7-16	ABarck	s.10	.5	66	2524	19¼	18⅛	19⅛	+⅜
81⅞	62	AmBrnd	2.72	4.0	10	2514	68⅜	67⅛	68⅛	+1¼
30½	28¼	ABrd pf	2.75	9.2		7	30¼	30	30	
169¼	127¼	ABrd pf	2.67	1.9		1	137	137	137	+4⅛
41⅝	31⅞	ABldM	.92	2.5	15	30	36½	36¼	36¼	–¼
27	19½	ABusP	s.86	3.8	12	1	22⅞	22⅞	22⅞	+⅛
21¾	16⅛	ACapBd	2.08e	13.		68	16⅝	16⅝	16⅝	
22⅞	18⅛	ACapCv	2.37e	12.		13	19½	19⅞	19½	+⅛
9⅝	6½	ACapIn	.96	14.		359	6⅞	6¾	6⅞	+⅛
11⅛	8¼	ACMR	.60	5.3	14	48	u11¼	11⅛	11¼	+⅛
61½	47	ACyan	1.35	2.2	20	7931	61½	59½	60⅛	–⅛
33⅝	28¼	AEIPw	2.40	8.2	9	1422	29¼	29⅛	29⅛	–⅛
39½	25½	AmExp	.92	3.0	50	6959	31⅛	30⅝	30⅝	–⅜
22½	13⅞	AFamly	.32	1.9	17	652	16⅞	16⅝	16⅝	–⅛
50⅝	28⅞	AGnCp	3.20	6.8	12	2125	47⅛	47⅛	47⅛	–⅛
8¼	7⅛	AmGvl	.84a	12.		63	7¼	7⅛	7⅛	
10⅜	8⅞	AGIP	1.06a	12.		101	9	8⅞	8⅞	–⅛
10⅝	9¼	AGTT	.96	10.		20	9¾	9⅝	9⅝	
24⅛	19¾	AHltPr	2.36	10.	13	55	23⅞	23⅛	23¾	+⅛
55⅜	47¼	AHome	s2.15	3.8	15	5439	53½	52¼	53½	+⅛
66¼	54½	Amrtch	3.16	5.4	13	2473	59⅝	58½	58⅞	–¼
112	84	AIntGr	.48	.5	11	4094	94	92⅞	94	+1⅛

Continued on page 45

NYSE COMPOSITE PRICES

Continued from previous Page

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
14½	9¾	Robbin			25	122	10½	10¼	10⅜	- ⅛
22¼	17½	RochG	1.56	8.2	10	727	19¼	19	19⅛	- ⅛
45⅞	28⅝	RochTl	s1.48	4.2	15	1461	35¼	31¾	34⅞	+3
22¼	17⅛	RckCtr	1.88	10.	16	282	18¾	17⅞	18⅛	+ ⅛
38⅞	19⅞	Rockwl	.66	3.1	11	4271	27½	27	27⅛	+ ¼
7⅝	5⅛	RodRen				5	6⅞	6⅞	6⅞	
37½	28¼	RoHaas	1.20	3.5	13	385	34⅞	34¼	34¼	- ½
33⅞	18½	Rohr			319	344	25⅞	25	25½	+ ⅛
14⅞	9¼	RollinE	.06		6	1128	14½	14⅜	14⅜	- ⅛
20⅛	15⅞	Rollins	.56	3.0	18	196	18⅝	18¼	18⅝	
9⅛	7⅛	RolLease	.20	2.3	10	223	9	8⅞	8⅞	+ ⅛
78¼	37	Rorer	.84b	1.1	38	7752	u78	75⅞	77⅞	+1⅞
64¼	61	Rorer wd				2118	u68⅛	64⅞	66¼	+2½
14¼	7½	Rowan				4637	13⅛	12⅛	13	+1⅛
25⅛	21¼	RBSct	pf2.24	9.5		78	23⅞	23½	23⅝	- ⅛
79⅞	63⅛	RoylD	3.46e	4.9	12	1062	78½	76⅞	78⅞	+2
10	8½	Royce	.52e	5.5		92	9⅝	9½	9½	
42⅞	31	Rubmd	.52	1.2	28	648	u43⅛	42⅛	43	+ ⅛
18½	13¾	RussBr	.40	2.3	18	165	17⅞	17½	17¾	
15	7⅞	RussTo	.20	2.2		10	9⅛	9⅛	9⅛	
28⅞	20	Russell	.32	1.1	18	966	28⅞	28	28¼	
31⅛	17⅞	Ryder	.60	2.8	63	1791	21⅞	21½	21½	
28½	15¼	RykoR	.60	3.3	19	736	18	17⅞	18	
25⅛	16⅛	Rylend	.60	3.4	9	235	17½	17¼	17½	- ⅛
14¼	8¼	Rymer				56	10⅝	10⅜	10⅝	- ⅛
10⅞	8½	Rymr pf	1.17	13.		25	8⅞	8¾	8⅞	+ ⅛
		- S-S-S -								
41	34⅛	SCEcp	2.64	7.1	10	4187	37½	37	37⅛	+ ⅛
14½	8⅞	SCOR U	.20	1.9	13	5	10⅞	10¼	10⅞	
58¼	30¼	SPSTec	1.28	3.5	16	164	36⅞	36⅛	36⅛	+ ⅛
36⅞	22¼	SPX Cp	1	3.5	6	108	29⅛	28⅛	28⅛	- ⅛
17⅛	4	Saatchi	.51e	11.		3085	4⅞	4⅞	4⅞	+ ⅛
14⅞	10⅞	SabnR	1.42e	13	8	59	11⅛	11	11	+ ⅛
[illegible]										

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
27⅝	18¾	XTRA pf1.94		9.8		4	19¾	19¾	19¾	- ⅛
4⅛	1½	Zapata				1630	1⅞	1⅞	1⅞	+ ⅛
12	5⅛	Zemex				24	5⅛	5⅛	5⅛	- ⅛
7-16	1-32	Zemex rt				30	1-32	1-32	1-32	
18	7¾	ZenithE				677	7¾	d 7⅝	7⅝	- ⅛
21½	13½	ZenNtl	.88	6.9	9	50	16	15	15	
9¾	6⅞	Zenix	.90	14.		315	6¼	6	6¼	+ ⅛
15½	12⅞	Zero s	.40	2.8	14	107	14⅞	14	14⅞	+ ¼
50¼	34⅝	Zurnin	.76	1.5	22	404	u50½	49⅛	50⅞	+ ⅝
12⅞	10⅝	Zweig	1.21e	11		348	11⅛	11⅛	11⅛	- ⅛
10	9	ZweigTl	.96	11.		1096	9⅛	9⅛	9⅛	- ⅛

Sales figures are unofficial.Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-only range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration.

a-dividend also xtra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months.g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months,plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE PRICES

3pm prices July 12

Stock	Div.	P/E	Sls 100s	High	Low	Close	Chng
[illegible]							

NASDAQ NATIONAL MARKET

2pm prices July 12

Stock	Div.	Sales 100s	High	Low	Last	Chng
[illegible]						

AMERICA

Dow toys with new record as Fed hints of lower rates

Wall Street

DESPITE further gains in oil stocks and renewed interest in the telephone sector following a bid from GTE to acquire Contel, the equity market was mixed yesterday – until a hint that the Federal Reserve may be preparing to ease monetary policy boosted share prices, *writes Janet Bush in New York.*

At 2 pm, the Dow Jones Industrial Average was quoted 14.61 higher at 2,947.28 on moderately active volume of 132m shares. It rallied by 15 points in early trading, and slid back, but then it rose again. Midsession levels yesterday were well above the record closing high, registered on June 15, of 2,935.89. The lead index had closed 41.83 higher on Wednesday at 2,932.67.

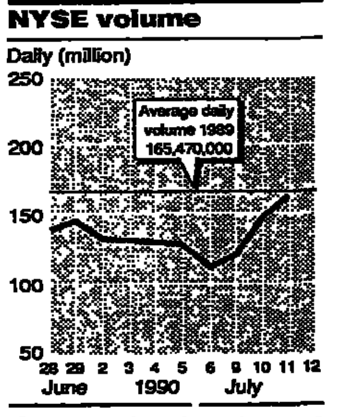
Mr Alan Greenspan, chairman of the Federal Reserve, said in his testimony before the Senate Banking Committee that the Fed was considering a general easing in monetary policy. This was aimed at offsetting signs that a contraction in the availability of loans from commercial banks had tightened credit conditions.

It was the first clear indication that the Fed may lower interest rates in response to a "credit crunch" and immediately boosted Treasury bonds and equities and caused a drop in the dollar, which had been strong overnight.

The market was excited by news that GTE is offering to swap 1.27 of its common shares for each share of Contel. After delayed openings in both issues, GTE was quoted $2¼ lower at $28⅞ while Contel jumped $6⅝ to $34⅝.

The news boosted other telephone stocks. Centel added $1⅞ to $36½ and Century Telephone Enterprises was up $2⅝ at $29⅝.

NYSE volume



Oils continued to benefit from Opec initiatives to boost the price of crude oil. Unocal jumped $1½ to $29¼ and Atlantic Richfield added $3 to $120⅝. Oilfield service companies were sharply higher with Schlumberger up $1⅞ at $59½.

Sears Roebuck slumped $1¼ to $34¼ after the company announced that its sales for June were up only 3.5 per cent from a year ago. Among other retailers announcing their June sales, JC Penney dipped $⅛ to $60⅝ and Dayton Hudson added $¾ to $73⅛. Gap gained $¾ to $57⅞ after reporting a 31 per cent rise in sales from a year ago.

Money centre banks were hit by a directive from federal regulators to write off 20 per cent of their loans to Argentina and Brazil. Among these, Citicorp dipped $⅛ to $21⅝ and Chase Manhattan fell $1⅛ to $22¼.

Computer Associates International slumped $5⅞ to $10⅞ after the company said that its revenue for the June quarter appeared to be significantly less than the same quarter last year and that earnings may also be lower.

Canada

TORONTO stocks were steady at midday, with a drop in gold and transport shares offsetting gains by several blue chips. The composite index inched up 1.7 to 3,546.2 on volume of 10.4m shares. Declines led advances 222 to 179.

Laidlaw was the most active stock, losing C$⅝ to C$27¾ and pushing the transportation index down. PWA shed C$⅜ to C$9¾ but Air Canada gained C$⅛ to C$10⅛. In gold stocks, Lac slipped C$⅛ to C$10⅝ and Corona was flat at C$7⅛.

Greece takes its 1990 gains to over 200%

Athens and Bogota were June's emerging market winners, writes **Jacqueline Moore**

THIS has been a heady year for the Greek stock market. It jumped more than 40 per cent in dollar terms last month, according to the International Finance Corporation, taking its rise in 1990 to more than 200 per cent.

Shortage of stock and continued demand from domestic investors were behind the rise, which has been so fast that the market has recently reduced its trading to four days a week in an attempt to catch up with the paper work. Foreigners have begun to look nervous about the rapid ascent of share prices and an average price/earnings ratio of about 30. This week there has been a correction, with the Athens index falling 6.2 per cent since Monday to 1,560.76 yesterday.

Mr Mark Smith of Corporate Broking Services says that he expects the index to consolidate at about 1,500. Two more country funds focusing on Greece are about to be introduced, he says, adding that it will be interesting to see whether foreigners are willing to invest in the funds at current price levels, or whether they will wait for a correction.

Foreign investors are being actively wooed by the Greeks. At the end of June, Mr George Souflias, Economics Minister, introduced a bill designed to encourage investment and remove some bureaucratic barriers towards the development of a mature market.

The second best gain in June was in Colombia, which advanced more than 19 per cent in dollar terms, mainly on rises in a few stocks heavily weighted in the index, says Mr Paul Weiss of Corredores Asociados, a Bogota-based brokerage. Several large cement companies, including Cementos Argos, Cementos Caride and Cementos del Valle, which have cross-holdings in each other, were active buyers of each others' shares after good first-quarter results.

Mr Weiss adds that the market was relieved by the election of the new president, Mr Cesar Gaviria Trujillo. The president-elect has formed a committee to study capital market developments, says Mr Alastair Forsyth of Schroders, and is keen to encourage foreigners. Estimates of when foreigners will be able to invest easily in the stock market vary from October to the end of the year. Corredores Associados is currently looking at the possibility of a Colombia country fund, says Mr Weiss.

Colombia faces a struggle to attract foreign money, however, if one London broker's reaction is typical. He says that his company does not look at the Colombian market at all because of the drug trade.

Latin America also produced one of June's worst performers, Brazil, which lost 15.6 per cent in dollar terms, taking its fall this year to almost 49 per cent.

The market has been fragile since President Fernando Collor de Mello assumed office on March 15 and took drastic measures to halt inflation, says Mr Audley Twiston-Davies of Latin American Securities.

Most foreign investors seem to be holding back, to see whether the measures succeed.

Brazil has recovered some ground this month, says Mr Twiston-Davies, who says that one month's fall or rise should not be taken too seriously. In the long term, he remains optimistic about Brazil, especially as the average p/e ratio has now fallen to between 2½ and 3 from 8.3 last year.

IFC EMERGING MARKETS PRICE INDICES

Market	No. of stocks	June 29 1990 (Dollar terms)	% Change over 5 weeks (Dollar terms)	% Change on Dec '89 (Dollar terms)	June 29 1990 (Local currency terms)	% Change over 5 weeks (Local currency terms)	% Change on Dec '89 (Local currency terms)
Latin America							
Argentina	(24)	275.61	−3.1	−34.3	8,141,534	−1.3	+157.4
Brazil	(56)	63.48	−15.6	−48.8	1,165,352	−4.5	+172.1
Chile	(28)	710.02	+6.1	+14.7	1,563.67	+3.3	+11.2
Colombia	(20)	309.70	+19.3	+35.9	1,318.84	+21.2	+55.8
Mexico	(54)	712.45	−5.6	+22.1	10,497.66	−4.9	+29.7
Venezuela	(13)	149.82	−5.4	+99.0	940.86	−3.6	+115.4
East Asia							
Korea	(63)	352.24	−9.1	−23.9	301.13	−8.5	−20.6
Philippines	(29)	1,447.10	+1.8	−25.0	1,644.10	+2.3	−22.6
Taiwan, China	(64)	715.39	−13.3	−45.8	492.90	−13.9	−43.4
South Asia							
India	(60)	210.97	+4.4	+3.3	294.33	+5.1	+6.5
Malaysia	(62)	152.19	−3.3	+0.1	169.98	−2.8	+0.5
Thailand	(34)	437.19	+4.5	+9.3	414.36	+4.5	+9.8
Europe/Middle East							
Greece	(26)	845.33	+40.6	+200.2	1,069.16	+38.3	+212.1
Jordan	(25)	101.76	+2.1	+10.0	179.04	+2.0	+14.4
Portugal†	(27)	610.18	−2.7	−10.4	578.31	−1.9	−11.9
Turkey‡	(18)	328.66	−3.2	+35.4	1,134.16	+0.2	+54.4

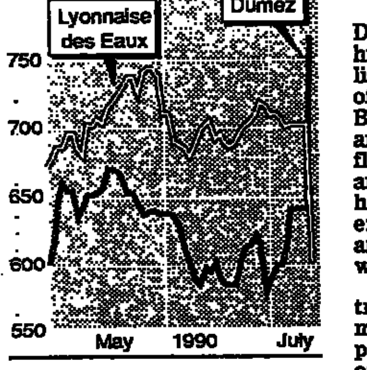
Source: International Finance Corporation. Base date: Dec 31,1984. †Jan 1986 = 100. ‡Dec 1986 = 100.

EUROPE

Paris focuses on Dumez and Lyonnaise des Eaux

WALL STREET's overnight gains lifted most Continental bourses yesterday, while merger mania dominated Paris, *writes Our Markets Staff.*

PARIS focused on Lyonnaise des Eaux and Dumez, which were requoted after a three-day suspension. As expected, investors took the view that the terms of the merger favoured the construction group over the water utility. Dumez leapt FFr127 or 19.8 per cent to FFr768 with 1.04m shares traded. It ended below the day's high of FFr800. Lyonnaise dropped FFr100 or 14.2 per cent to FFr602, after a low of FFr584, on 1.2m shares.



In the long term, Lyonnaise des Eaux would be more comparable with Générale des Eaux, said County NatWest. "Consequently, the 30 per cent premium paid for Lyonnaise in terms of cash earnings previously accepted by the market, given its higher level of profitability, should narrow."

Interest in the merger spread to other construction companies, with Bouygues, which announced a FFr1bn order for eight Thai plants late in the day, up FFr21 or 3.4 per cent to FFr632. The CAC 40 index gained 4.6 to 1,975.18 on overall turnover estimated at FFr4.75bn. Casino continued to rally after last week's optimistic analysts' meeting, jumping FFr9.20 or 6.7 per cent to FFr146. SEB, the appliances group which owns Rowenta, gained FFr55 to FFr1,255 after better-than-expected first-half turnover figures.

FRANKFURT lost early gains, with the DAX index ending 1.67 lower at 1,916.22 after a 9.70 rise to 815.96 at midsession; but higher volume gave credence to stories about renewed foreign buying, and an interesting trend developed in the options market.

Volume rose from DM6.2m to DM8.3m. Veba ran unusually high in the most active stocks list, coming second in turnover of DM715m after Deutsche Bank's DM1.17bn. The energy and chemicals group reported flat first half profits yesterday, and admitted that they would have been lower but for extraordinary contributions and a drop in taxes. The shares were unchanged at DM443.

A total of 19.661 options were traded on the Deutsche Terminbörse – 15,442 calls to 4,219 puts – compared with 18,844 on Wednesday and 17,799 on Tuesday, suggesting that there is money waiting to see the conventional market rise.

MADRID rose to a high for the year, but was less encouraged by the June inflation figure than many had anticipated. The month-on-month rise of 0.3 percentage points had largely been discounted, said a dealer, with the more optimistic forecasts suggesting a gain of 0.2 points. The general index gained 2.02 to 305.59, after an official correction to 303.57 on Wednesday.

Aragonesas, the chemicals group, was unable to trade because of excess demand, on rumours that the March group might be selling part of its stake. The stock closed at Pta1,940 on Wednesday.

MILAN was encouraged by reports that the broker Lombardfin had resolved its financial difficulties. The Comit index rose 8.99 to 731.88 on the second-to-last day of the July trading account.

Fiat took heart from Wednesday's turnaround and rose L110 to L9,320. Among insurers, Generali lagged behind gains by smaller stocks such as RAS, Toro and Alleanza. Banking stocks jumped on expectations that the Amato banking reform bill would clear its final hurdle in the Senate to become law.

The telecommunications holding company, Stet, whose stock split and 1-4 bonus issue comes into effect on Monday, added L166 to L6,860.

AMSTERDAM was lifted by Wall Street's overnight gains and a firmer dollar. The CBS Tendency index rose 0.50 to 120.0. Some analysts say international investors were now viewing the market more positively as fears of higher interest rates fade and company prospects for 1991 brighten.

Multinational stocks set the pace, with Royal Dutch adding Fl 3.30 to Fl 143.70. Bührmann-Tetterode was 80 cents better at Fl 73.60 after the company's president said in a newspaper interview that the stock was undervalued. Trading in Macintosh, the diversified retail group, resumed after Wednesday's suspension when it was revealed that talks on a possible Fl 50-a-share public bid for Macintosh by the investment group, HAL Holding, had collapsed. The stock plunged Fl 5.10 to Fl 39.

ISTANBUL hit a record on foreign demand and optimism about company profits. The index gained 122.6 to 4,229.43, breaking the previous high set in February.

ASIA PACIFIC

Japan rises as the Antipodes streak ahead

Tokyo

ANIMATED index-linked trading in the last 15 minutes of dealing yesterday lifted the Nikkei to the week's highest level, *writes Martina Gannon in Tokyo.*

But the day was clouded by renewed uncertainty over interest rates, as the yen fell back against the dollar.

Investors, buoyed by the firm yen on Wednesday but disappointed at the lack of commitment towards the Japanese currency by G-7 leaders at the Houston summit, held back. But component stocks of the 225-issue market indicator rose steadily and, following the late flurry of arbitrage activity, the Nikkei finished near its day's high at 32,575.32, up 281.14. Its high was 32,577.79 and its low was 32,266.32.

The Topix index of all first section stocks edged up 2.67 to 2,354.24 and the second section continued its recent advance, rising 11.97 to 4,418.71, another record high. In London trading, the ISE/Nikkei 50 index was up 0.43 to 1,756.66.

Volume in Tokyo increased to 430m shares from 400m and gains outnumbered losses by 503 to 421, with 197 issues unchanged. The yen finished at Y148.90 to the dollar, down Y0.80 from the previous day.

Trading focused on blue chip stocks as well as resource-related and high-technology shares. Oils were also strong, as hopes grew that joint ventures would be formed between Japan and the Middle East following Prime Minister Toshiki Kaifu's visit to that region next month. Nippon Oil was the day's most heavily traded issue, ending at Y1,430, up Y50.

Constructions, recent winners on the strength of a government plan to increase spending on public works, fared well in the morning but retreated later. Toda Construction hit its highest level this year but then fell back on short-term profit-taking. It finished down Y40 at Y2,280.

The strongest advance of the day was made by a second-section issue, Namco. Shares of the company, one of the big three game equipment makers in Japan, soared Y430 to Y4,050. It was mainly bought by individual investors seeking short-term profits after Namco reported an expected 18 per cent rise in pre-tax profits for the year ending March 1991.

Osaka stocks rose across the board early in the day but later trimmed their gains as investors grew wary of an easier bond market. The OSE average edged up 89.78 to 35,998.07 on turnover of 48m shares, compared with 50m on Wednesday.

Roundup

THE ANTIPODES streaked ahead, while politics kept the pressure on Taiwan.

NEW ZEALAND closed at a six-month high, as a weak domestic dollar encouraged more overseas buying. The Barclays index rose 49.50 to 1,888.95, its best close since February 15. Turnover rose to 21.3m shares or NZ$45.9m from 23.1m or NZ$32.5m. Fletcher Challenge soared 11 cents to NZ$4.49, while Brierley Investments topped market turnover as it added 4 cents to NZ$1.92 on volume of 7.2m shares.

Carter Holt Harvey built on recent gains and climbed a further 12 cents to NZ$3.10.

AUSTRALIA ended at a five-month high in the busiest turnover in terms of value since last September. The All Ordinaries index gained 15.5 to 1,607.3 but was well down on the day's peak of 1,622.9. Early speculation that the Government might soon ease interest rates, sparking a fall in the Australian dollar, pushed shares higher but they then fell back after a denial from the Treasury. Turnover jumped to 170m shares or A$593m from 96m shares or A$288m. National Australia Bank accounted for one-third of the total turnover in terms of value, after Adelaide Steamship was reported to be selling its stake. NAB was steady at A$6.66.

TAIWAN nosedived on reports that Saudi Arabia would sever diplomatic relations with Taiwan and recognise China. Prices were also pressured by the bankruptcy of a broker, Chao Chun. The weighted index closed down 327.88 or 6.62 per cent at 4,626.09.

SEOUL fell again, on news that the trade deficit for the first nine days of July totalled 500m. The composite index lost 9.09 to 701.91, the second-lowest close this year, on volume of Won125.4bn, up from Won83.7bn.

HONG KONG continued to rally on overseas buying. The Hang Seng Index jumped 27.66 to 3,468.59. Turnover remained robust at HK$2.39bn, although it was below Wednesday's HK$2.75bn, the highest level in more than 14 months.

SOUTH AFRICA

GOLD shares closed weak as a firm financial rand and a listless bullion price kept trading lethargic. The all-gold index fell 42 to 1,441 and the overall index lost 29 to 3,007. Vaal Reefs fell R13 to R273 and De Beers eased R1.60 to R89.25.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS Figures in parentheses show number of lines of stock	WEDNESDAY JULY 11 1990 US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	TUESDAY JULY 10 1990 US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	DOLLAR INDEX 1990 High	1990 Low	Year ago (approx)
Australia (80)	151.45	−0.6	124.85	142.31	129.96	126.12	+0.7	5.53	152.33	124.40	143.33	130.44	125.23	158.31	125.85	135.80
Austria (19)	263.06	−0.8	216.86	247.19	225.73	225.28	−0.3	1.29	265.13	216.51	249.46	227.02	226.07	285.63	193.15	125.39
Belgium (61)	151.27	−0.5	124.70	142.13	129.80	126.85	−0.1	4.57	152.07	124.18	143.07	130.21	126.76	160.02	132.11	134.16
Canada (119)	138.14	+0.3	113.86	129.80	118.53	115.94	+0.4	3.50	137.73	112.47	129.56	117.93	115.44	153.61	130.37	144.21
Denmark (33)	261.48	+0.0	215.55	245.70	224.37	222.98	+0.3	1.30	261.55	213.59	246.10	223.96	222.33	262.92	236.69	219.89
Finland (26)	135.18	−0.4	111.43	127.02	116.00	109.25	+0.0	2.51	135.73	110.84	127.72	116.22	109.26	152.29	129.99	144.60
France (124)	157.30	+0.1	129.67	147.80	134.97	136.70	+0.3	3.00	157.11	128.30	147.82	134.52	136.22	168.85	141.69	125.95
West Germany (92)	136.94	−0.4	112.89	128.70	117.51	117.51	−0.1	1.91	137.44	112.24	129.34	117.68	117.68	138.82	122.05	94.28
Hong Kong (48)	142.84	+0.6	117.75	134.22	122.58	142.51	+0.7	4.40	141.96	115.93	133.57	121.56	141.56	142.84	112.24	103.00
Ireland (17)	186.50	−1.8	153.74	175.24	160.03	161.62	−1.5	2.71	189.85	155.04	178.63	162.56	164.07	198.57	172.72	142.55
Italy (96)	104.08	+0.1	85.80	97.80	89.31	93.98	+0.4	2.50	103.93	84.88	97.79	88.99	93.65	109.26	91.85	90.72
Japan (454)	150.91	+0.7	124.40	141.80	129.51	141.80	+0.6	0.59	149.86	122.39	141.02	128.35	141.02	197.26	124.40	181.11
Malaysia (35)	236.18	+0.0	194.70	221.92	202.66	245.78	+0.0	2.21	236.29	192.96	222.32	202.32	245.80	245.32	204.15	189.05
Mexico (13)	514.35	+2.4	424.00	483.30	441.36	1616.78	+2.6	0.32	502.14	410.06	472.46	429.97	1575.11	549.86	324.53	273.37
Netherland (43)	140.97	+0.0	116.21	132.46	120.97	119.74	+0.4	4.71	140.91	115.07	132.59	120.66	119.30	145.66	130.43	123.83
New Zealand (17)	67.76	−0.3	55.86	63.68	58.15	60.83	+0.1	7.21	67.96	55.50	63.95	58.20	60.76	75.36	59.57	67.33
Norway (23)	243.14	+0.4	200.43	228.47	208.64	208.65	+0.6	1.52	242.17	197.76	227.87	207.37	207.00	245.90	202.34	194.52
Singapore (25)	205.22	+0.6	169.18	192.84	176.10	171.27	+0.3	2.03	203.99	166.59	191.94	174.67	170.76	207.93	179.70	166.40
South Africa (60)	183.55	+4.8	151.31	172.47	157.50	154.01	+0.4	3.86	175.17	143.05	164.82	149.99	153.47	251.39	170.00	151.40
Spain (42)	177.92	+0.2	146.67	167.18	152.67	136.13	+0.4	4.03	177.54	144.99	167.06	152.02	135.65	177.92	132.84	154.32
Sweden (34)	229.78	−0.8	189.42	215.91	197.18	202.81	−0.6	2.00	231.67	189.18	217.98	198.37	204.14	232.74	173.89	176.83
Switzerland (67)	108.44	−0.2	89.39	101.90	93.06	94.32	+0.3	2.19	108.67	88.74	102.26	93.07	94.05	108.90	88.75	86.05
United Kingdom (304)	171.31	+0.3	141.22	160.96	146.99	141.22	+1.2	4.82	170.83	139.60	160.71	146.26	139.50	171.31	139.87	151.50
USA (539)	145.97	+1.2	120.33	137.16	125.26	145.97	+1.2	3.38	144.21	117.77	135.70	123.49	144.21	148.55	130.61	134.49
Europe (981)	152.70	+0.0	125.88	143.48	131.03	126.41	+0.6	3.57	152.66	124.66	143.64	130.72	127.69	153.43	135.57	126.24
Nordic (116)	213.65	−0.4	176.12	200.76	183.33	177.93	−0.1	1.70	214.42	175.10	201.75	183.60	178.07	214.73	185.01	174.42
Pacific Basin (669)	150.50	+0.6	124.06	141.42	129.14	140.95	+0.6	0.91	149.55	122.13	140.71	128.06	140.16	192.75	124.63	176.45
Euro – Pacific (1640)	151.79	+0.4	125.13	142.62	130.25	136.46	+0.6	2.00	151.21	123.48	142.26	129.47	135.70	174.16	130.35	156.46
North America (658)	145.40	+1.2	119.86	136.64	124.79	143.97	+1.2	3.34	143.72	117.37	135.24	123.09	142.30	147.87	131.02	134.92
Europe Ex. UK (677)	140.06	−0.1	115.46	131.63	120.21	120.34	+0.1	2.75	140.25	114.54	131.99	120.12	120.19	141.78	124.81	110.29
Pacific Ex. Japan (205)	144.72	−0.1	119.30	136.00	124.19	127.50	+0.6	4.82	144.80	118.25	136.27	124.00	126.74	144.80	122.53	120.67
World Ex. US (1832)	151.85	+0.4	125.18	142.70	130.31	136.33	+0.6	2.07	151.20	123.47	142.27	129.47	135.57	173.77	131.30	156.07
World Ex. UK (2067)	146.42	+0.7	120.70	137.59	125.65	139.22	+0.7	2.23	145.33	118.68	136.75	124.46	138.21	162.00	130.80	146.90
World Ex. So. Af. (2311)	148.41	+0.7	122.34	139.46	127.36	139.26	+0.8	2.48	147.42	120.39	138.72	126.25	138.18	161.84	131.95	147.28
World Ex. Japan (1917)	148.92	+0.7	122.76	139.94	127.81	138.29	+0.9	3.49	147.88	120.76	139.16	126.65	137.06	148.92	134.62	131.37
The World Index (2371)	148.62	+0.7	122.52	139.66	127.54	139.37	+0.8	2.49	147.59	120.53	138.86	126.39	138.29	162.05	132.25	147.30

Constituent change 12/7/90: Name change: Union Enterprises to Union Energy Inc. (Canada). Latest prices were unavailable for this edition.

RECRUITMENT

JOBS: Companies in search of excellence are unwise to impose uniform management styles

The varieties of executive effectiveness

A SHREWD observer of the working world, called Bernard Holloway, once pointed out that youngsters are poorly prepared for careers by educational marking procedures. As he was chief of Manchester University's careers service at the time, his remark did not endear him to his academic colleagues.

Education, he said, "conditions people to think that if they get 80 per cent of the marks available for something, they know it well and are fit for a fresh challenge. But at work, 80 per cent isn't nearly good enough. You have to go on doing the same thing until you get it 98.5 per cent right *on average*."

Even that figure, however, will probably strike some readers as leaving too wide a tolerance. For I know from your letters that a good many of you have jobs in which total accuracy is taken for granted. And in that case, the only achievements thought worth mentioning are those which exceed 100 per cent, in being better than the best that anyone would expect.

Such truly high performances are not traditionally looked for in most workers. Indeed, Bernard Holloway's 98.5 per cent might well more than satisfy a lot of managers, who are content as long as their staff maintain a standard which keeps their own bosses and the customers tolerably passive.

But sharpening competition has persuaded a minority of company chiefs to think differently. In their view, the prime task of managers is no longer the negative one of ensuring that those below do not fall short of minimum standards. Instead, it is the positive one of enabling their staff to do better than they or anyone else expected. Consequently, there is growing interest in how people come to achieve truly high performances.

As it happens, one line of research into that topic was mentioned in this corner of the FT on February 28. The method, devised by American management consultant Jerry Fletcher, defines a top-notch achievement as made up of four stages, each of which needs to be explained. They are:

- How the high performers came to tackle the task.
- How they got it going.
- How they kept it going.
- How they withdrew from it creditably.

Guided by a trained counsellor the people under study apply those four questions to each of about half a dozen fairly recent cases where they think they worked at their peak. At least one case should have been outside their job.

After analysing what they have said, the counsellor sends them their prototype high-performance pattern. They amend and return it, and the changing text is then batted back and forth until both are satisfied with its accuracy.

Most use of Dr Fletcher's method has been on individuals in a variety of professional jobs. But some months ago, Robert Quinn and Gretchen Spreitzer of Michigan University's business school decided to apply it specifically to managerial work. So they went though the patterning process with 87 middle and senior managers on a four-week course at the school.

One question that interested the Michigan researchers was whether they could identify a general pattern of high performance in management. While hardly anyone still hopes for the discovery of a scientific way of managing which will be better than any other in all circumstances, a great many people believe companies do best to have a particular management style which is applied across all their activities. Quinn and Spreitzer wanted to put that belief to the test.

Their report, not yet published, shows that a general pattern can be statistically assembled from the results. When all 87 managers were taken together, their typical approaches to each of the four stages were as follows.

The spur

The spur that impelled them into the successful project was the recognition of a need, coupled with a sense of challenge and risk.

They got the task going by first making sense of it by picturing and planning how it would develop. Then they put together a team of people with suitable skills, established participative working, and formed links with outside sources able to help.

They kept things going by providing clear direction, and monitoring and co-ordinating the work while carefully maintaining the participative climate.

The signal to withdraw was evidence that the results had exceeded expectations, giving them an intrinsic sense of achievement and growth as well as recognition and reward from above. Finally they showed their own appreciation of others who had been involved.

Quinn and Spreitzer admit that, as academics, they find the general pattern attractive. For instance, they say, "it is simple and has a logical flow." Alas, although giving an average picture of the managers as a whole, it was not the way any of the 87 actually worked while performing at their best.

When the individuals' real approaches were analysed, at least six different broad types emerged. The researchers describe them as:

The responsive action pattern whose involvement in successful projects tends to begin with an invitation to tackle it from somebody else. "They are not assertive nor do they exercise direction. They are people-orientated and devote much effort to maintaining interpersonal relationships." Other traits include a high valuation of intrinsic as distinct from material rewards, a reflective and long-term perspective, flexibility, and strong commitment throughout the task.

Selfless firefighter pattern which is much like the responsive action type except that, instead of staying committed to the task throughout, selfless firefighters treat it as a series of separate challenges. Once each has been dealt with, they switch attention to the next.

Assertive action pattern: more pioneering and assertive than the previous two. "These people initiate action, provide direction and develop expectations. They tend to analyze the situation, develop a vision of what needs to be done, and then act on that vision. They focus on short-term outcomes and show immediate progress."

Structured independent: People of this pattern "have a strong tendency to work by themselves... little interest in participative management, and tend to pursue complete autonomy." They put great importance on understanding the situation in detail, tend to be closed to criticism and other feedback, but maintain intense effort under stress

Extrinsic creative which has two differences from the structured independent pattern. Extrinsic creators typically adopt unorthodox and innovative approaches needing more creativity and risk. Instead of being loners, they form relations with others although strictly of a kind they themselves can direct.

Adaptive group pattern: more people-orientated than the last two, but also concentrates on the task. "They greatly emphasise cohesive teamwork and responsiveness to new opportunities and alternative plans of action." Other traits include openness to criticism, intense activity, short-term outlook, and learning by doing.

Even though the researchers point out the danger of drawing hard conclusions from a sample of only 87 executives, they think the study has far-reaching implications. Probably the most important is the evidence that there is no one way of managing at peak effectiveness.

The differences between the six types are such that it would be unwise to require any to behave like one of the others. In short, imposing uniform management styles "would tend to constrain individuals to average or mediocre levels of performance."

Michael Dixon

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ACCOUNTANCY COLUMN

Time to decide about the value of goodwill

By Roy Thomas

MUCH HAS been written about goodwill and the Accounting Standards Committee's new proposals, set out in Exposure Draft 47. Debate has become widespread, with a big proportion of UK industry adamantly opposed to the proposals. It is therefore unlikely that ED47 will become a standard in its present form.

The ASC will be superseded in August by the new Accounting Standards Board, with reinforced legal powers; it is likely that one of their first tasks will be to resolve this issue.

The details of ED47 have been well-aired, as has the debate which ensued. It is not the intention of this article to rehearse the pros and cons of the ASC's proposals, or attempt to reconcile the ideas being put forward by opponents. What is evident from the debate is the importance of the subject – goodwill – and the inadequacies of present accounting practices to cope with it.

My purpose, therefore, is to examine some of the issues involved in a constructive fashion, with an eye to seeking a way forward in what is becoming an increasingly sterile stand-off.

The nature of goodwill: Let us first examine what goodwill actually is. It is not a collective noun for all intangible assets. A number of intangibles can be separately identified and ascribed individual values with specific lives. This is true of patents, licences, agencies, franchises and some trade marks. Here the principle is clear. The intrinsic problem with assessing goodwill is that it is difficult to define precisely what it is.

For example, purchased goodwill does have a cash value attached to it. Company A acquires Company B for £1m, but can only identify net tangible assets amounting to £600,000. It nevertheless is willing to pay £1m, so presumably feels the additional £400,000 has some value. What does it represent? Is it Company B's reputation in the market place; its sustainable market share; its skilled workforce; the location of its operations?

Or is it simply what has to be paid to gain control? If so, will control lead to enhanced profitability, through boosted sales, cost reductions, shared know-how? How does one value these elements? Do they have finite lives, and if so how does one determine it?

The problem we are wrestling with here is related to how we regard goodwill as a balance sheet asset, and indeed how we read the balance sheet itself.

The balance sheet: So far we have concentrated on purchased goodwill – as does ED47, and SSAP22. There are sound practical reasons for this: the overall cost can be identified at a specific point in time. Which brings us back to the balance sheet: accounting convention requires that we only record assets and liabilities which have a historical cost – it is a snapshot taken on a particular date, and does not pretend to be anything else.

Should this be so? It certainly creates anomalies. The ill-fated current cost accounting debate exposed many of the issues surrounding historic costing, without fully resolving them.

Currently, proponents of brand valuation are pointing out the balance sheet's deficiencies in not recognising their value. Certainly if one compares the market value of most of the leading UK public companies – be it as valued by the Stock Exchange or in a takeover – there is a very significant discrepancy between net tangible assets and the total. Much of this is goodwill, by definition arising from the success of the company's operations. Should this not have a balance sheet value?

A prominent member of the accountancy profession recently produced an apt definition: "Accounting is about recording what happened in the past so that we can make up our minds about the future." It is possible to reconcile the requirements and disciplines of historical accounting with a sensible approach to the present and future if one is guided by this rule. The paramount need is to provide guidance as to the future, which means recognising value where it exists.

In this context, there is much to be said for elevating cash-flow as a measurement of value. In the final analysis, it is the cash value of assets and their earning capacity which is important. Thus the present value of future cash earnings is not a bad way to value a business, and if this is an acceptable valuation method for investment purposes, why should it not be applied to the balance sheet? The methodology is well-established and proven; it could lead to an appropriate balance sheet value for all goodwill, purchased or self-generated, and go a long-way to closing the gap which is very evident at present.

The way forward: The problems of adapting the balance sheet to this principle, with particular reference to goodwill, are awesome. Apart from the statutory and legislative barriers, the idea that self-generated goodwill should be valued in the balance sheet, and revalued regularly – upwards if necessary – will be anathema to many accountants. It goes against the principle of prudence well-enshrined in our accounting practices, and opens the door to distortion and malpractice, deliberate or otherwise.

Nevertheless it needs to be tackled. Companies spend large sums annually either protecting their goodwill or generating it – this can take the form of corporate advertising, product promotion, research and development – the list is endless. These costs are written off in the year they are incurred. To capitalise them would be classified among the more adventurous forms of accounting.

Recognising the ongoing value of goodwill can only be done by reviewing the situation regularly and adjusting the balance sheet value of goodwill to reflect current reality.

Perhaps one approach which would bear investigation is whether the stock market valuation of a company is a relevant yardstick to establish the value of goodwill. Granted, it suffers from the "snapshot" criticism referred to above, and as share prices fluctuate (often due to external market forces) so would the value of goodwill. At least reference to this measure would go some way to explaining the gap between balance sheet historical values and market valuation.

At a practical level, much of the heat generated over ED47 is related to the proposed amortisation charge and its effect on the profit and loss account. Given the cost of sustaining purchased goodwill, which is charged against profits, the argument against double-counting is justified. Equally valid, perhaps, is that the amortisation charge is not a true cost at all, and therefore will artificially depress and distort results.

Summary and conclusions: What is required is a radical rethink of the way we see the balance sheet. The present way of viewing a company through its balance sheet is no longer appropriate; adherence to the historical accounting concept has already led to misrepresentation of a pretty substantial nature. This has been recognised recently in the current cost accounting debate by the proposals to value brands on the balance sheet and is now obscuring the way forward on goodwill.

The ASC is rightly concerned with the effect that SSAP22 has had: most acquisitive companies write-off purchased goodwill immediately to reserves and thus present a most odd picture, post-acquisition, with a significant proportion of the value vanishing from the balance sheet the day after purchase. Yet their alternative, amortisation, owes more to the desire for conformity with historical accounting principles than common sense and reality. The solution is to capitalise purchased goodwill, review it regularly, and adjust for change of values through reserves.

This is the way forward in the short term, but in the long-term fundamental consideration of the balance sheet itself is required.

Roy Thomas is finance director of Fisons.

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A qualified accountant, you will be aged 30 to 40. You will probably have experience of established company disciplines, structures and systems and preferably have been involved in acquisitions. The salary package of around £40,000 is flexible for the right candidate who is capable of inspiring colleagues and subordinates and fitting into a positive senior management team.

Please send full personal and career details, including current remuneration level and day time telephone number, to David Owens, Coopers & Lybrand Deloitte Executive Resourcing Ltd, 43 Temple Row, Birmingham B2 5JT quoting reference D352.

Coopers & Lybrand Deloitte
Executive Resourcing

Finance Director

Engineering

c £40,000 Package West Yorkshire

Determined finance professional to complement a committed management team in controlling the principal subsidiary of a UK engineering group.

THE COMPANY
◇ Multi-site operation. £28m turnover internationally based.
◇ UK market leader in specialist sector with significant international growth potential.
◇ Vigorous new management team.

THE POSITION
◇ Implement controls and systems to optimise financial and operational performance.
◇ Work closely with energetic, experienced Managing Director.
◇ Complete responsibility for finance and data processing functions.

QUALIFICATIONS
◇ Experienced in change management in engineering environment and in implementing computer systems.
◇ Qualified Accountant. 30-45. Robust decision maker with good personal presence and communication skills.
◇ Practical experience of management accounting and cash management in organisations with strong financial disciplines.

Please reply in writing, enclosing full cv,
Reference IMJ1782
Courthill House, Water Lane, Wilmslow, Cheshire, SK9 5AP

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Head of Management Accounting

Very Fast Growing Service Company

£25.000 + Benefits Thames Valley

Dramatically successful subsidiary of respected plc requires a creative and ambitious professional to spearhead the development of the Management Accountancy function.

THE COMPANY
◇ A major division of a blue chip plc. Highly profitable. Tripled in size over past five years.
◇ Market leader in the business to business service environment. Poised to break new ground with network of regional centres. Expanding direct mail division.
◇ Continued investment in people, opportunities and ideas.

THE POSITION
◇ Full responsibility for new management accounting function. Small team. Full support.
◇ Major challenge for define, create, manage and implement further management information developments in line with changing requirements of successful business.
◇ Close involvement with operations. Scope for career development within Parent.

QUALIFICATIONS
◇ Young qualified ACA or ACCA with one to two years post qualification experience.
◇ Commercial skills ideally learned in a service/distribution environment. Calibre to win respect and make impact at all levels.
◇ Confident, energetic, likeable and ambitious. Enquiring mind to identify needs and devise solutions.

Please reply in writing, enclosing full cv,
Reference J2830
54, Jermyn Street, London, SW1Y 6LX.

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WLG Williams Lea Group

FINANCE DIRECTOR

City

To £45,000 +Benefits

Williams Lea & Company is the largest operating company within the Williams Lea Group and is a world leader in financial printing and communications, specialising in the corporate finance sector.

The requirement is for an exceptionally able and energetic Finance Director to take responsibility for administration, planning, financial provision and control and the development of management information systems.

The ideal candidate will be a qualified accountant aged 30-40 with demonstrable leadership qualities and the ability to make a significant contribution to the commercial development of the business. Computer literacy is also essential.

Career prospects are excellent within an expanding and exciting group.

Please reply in confidence with a comprehensive curriculum vitae including details of current remuneration and a daytime telephone number to D.E. Shribman.

HUDSON SHRIBMAN
VERNON HSE-SICILIAN AVE-LONDON WC1A 2QH-TEL: 071-831 2323
FINANCIAL RECRUITMENT

Financial Controller

M4/M25 Heathrow Area,

Negotiable c £30,000, Car, Excellent Benefits

This company, part of an international plc, operates within a niche market providing highly responsive air courier and freight forwarding services. Recent significant investment allows the company to operate from modern premises using sophisticated computerised financial and operational systems.

With plans for further rapid growth there is a requirement for a first class Financial Controller to manage and develop all the financial and management information systems. As you report to the Managing Director, of equal importance will be your ability to make sound commercial judgements and decisions to help the future strategic direction of the business.

Candidates, qualified accountants aged over 28, will be fully conversant with the latest computerised management systems used in a fast moving business environment. As an individual you are likely to be an instigator with flair and vision, eager for the continual change necessary to maintain this company's position as a market leader.

This is an outstanding opportunity for a mature committed professional for whom there are excellent further opportunities within this diverse Group.

The attractive conditions of employment include excellent pension, subsidised mortgage and relocation expenses if necessary.

Male or female candidates should submit in confidence a comprehensive c.v. or telephone for a Personal History Form to, *J.A.D. Fisher*, Hoggett Bowers plc, *21 Charlotte Square*, EDINBURGH, *EH2 4DF*, 031-220 3980, Fax: 031-220 3998, *quoting Ref: R12028/FT*.

Hoggett Bowers

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FINANCIAL CONTROLLER

pes

A new Career in a newly created Role

City Based Plc

£40,000 + Car

Our Client is part of a major financial services organisation operating through offices worldwide. As a result of a group wide restructuring, coupled with a drive to provide improved financial management, they now wish to recruit a new Financial Controller.

Reporting to the Finance Director, your principal responsibilities will include the review of the current financial planning process and the further development of existing management/financial accounting and reporting procedures. Additionally, you will be expected to exercise enhanced control over company balance sheets, with particular emphasis on establishing performance ratios and criteria.

To meet the demands of this role within the rapidly changing company environment, you will need to be aged 30+, a qualified Accountant with relevant experience preferably within the financial services sector. With a background of dealing with management at all levels, your interpersonal skills will be of the highest order, as will your own personal qualities of drive and self motivation.

To apply, in the strictest confidence, please write enclosing a full C.V. and salary history to:
Jeremy Lancaster,
PROBE EXECUTIVE SELECTION
15 Artillery Passage, Bishopsgate, London E1 7LJ.

a division of PROBE MANAGEMENT plc

Finance Manager

CIRCA £30,000 + BONUS + CAR
NORTH WEST

This is an influential high profile role within a leading consumer electronics company that is part of a prestigious and profitable £multi-million group. It will appeal to business minded, qualified accountants who enjoy the interface with commercial and operational departments and who can operate in a fast moving and changing £50m+ division.

Reporting to the Divisional Director, the successful applicant will be expected to make a vital contribution to the strategic development of the company, whilst ensuring the provision of a highly professional accounting service through a team of 40+. Of equal importance will be creative input into non-financial issues handled by the senior management. Qualified Accountants, probably aged 30-40 years, must have experience at a senior level within a commercial operation, preferably multi-site. Extensive financial and systems knowledge coupled with first class managerial and interpersonal skills are also essential requirements.

The benefits package will reflect the seniority of the role and includes a significant bonus and assistance with re-location where necessary.

Interested applicants (male or female) should send a detailed CV or ring for an application form on 0625 533364 (24 hours)quoting reference 1688/FT.

WICKLAND WESTCOTT
HUMAN RESOURCE CONSULTANTS
Emerson Court, Alderley Road, Wilmslow, Cheshire SK9 1NX. Telephone (0625) 532446

A NEW ROLE IN A NEW COMMERCIAL CULTURE

BUDAPEST

Chief Accountant

Our client has a controlling interest in a leading Hungarian manufacturer. A leader in its field, this heavy engineering company employing 750 people can now look forward to further market expansion. Selling to both national and international customers, the British holding company will help make available further distribution channels and encourage new product development.

Reporting to and working closely with the Canadian English-Hungarian speaking Finance Director, the Chief Accountant will have responsibility for the day-to-day control of the accounts department. Working as part of a mixed Western-Hungarian management team, you will also have considerable involvement in the development and implementation of the computerised accounting systems and deputise for the Finance Director in his absence. Indeed it is envisaged that the successful candidate will be groomed to succeed the Finance Director.

This is a new and attractive opportunity for an experienced Accountant whose technical excellence can be complemented by fluent Hungarian to communicate effectively within and outside the organisation. You need not be professionally qualified but must certainly have a good working knowledge of Western Accounting principles, ideally some experience of computerised systems, and a hands-on approach to the job in an engineering environment.

To find out more about this exciting opportunity based in Budapest please send your CV to our advising consultant, Fiona Davidson, at Seer Selection Ltd, Marcol House, 293 Regent Street, London W1R 7PD. Alternatively, please telephone her on 071-631 0479 (days) or 081-470 0534 (evenings and weekends).

SEER
Seer Selection
RECRUITMENT CONSULTANTS

Finance Director

South Coast

£50,000 + Bonus + Car

Our client is a highly regarded UK plc that is undoubtedly a major force within its sector and acknowledged as one of the fastest expanding companies in the UK. The achievement of compound growth, almost trebling turnover within the last five years to its current level of c£300m, provides the commitment to continue further expansion both through the strength of existing businesses and by acquisitions.

The organisation now seeks to build on these achievements to date by the appointment of a Finance Director at one of its key operations. The role will control the financial affairs of the business and work closely with the Managing Director in directing, planning and effecting its future strategy.

Candidates for this excellent opportunity should be accountants of the highest calibre, age indicator early/mid 30's, with a practical commonsense approach and an ability to work in a very fast pace environment. A high level of commitment with the ability to work under pressure and make sound commercial decisions is paramount.

Please telephone or write enclosing a full curriculum vitae quoting ref: 428 to:

Philip Cartwright FCMA,
97 Jermyn Street,
London SW1Y 6JE
Tel: 071-839 4572

Cartwright Hopkins
FINANCIAL SELECTION AND SEARCH

FINANCIAL DIRECTOR DESIGNATE

Cheshire ***To 35,000 + Bonus + Car***

Following a period of exciting growth, SAMAC, one the UK's leading steel stockholders has created a Strip Mill Products Division, based in Altrincham, Cheshire.

Working closely with the Chairman and Managing Directors this new post offers the qualified accountant active participation in the key business decisions.

Early tasks will include the advancement of financial and management information systems with particular accent on costing.

Aged 35-45 you should demonstrate an active and creative mind along with excellent communication skills. Further growth is planned and you will have active involvement in the assessment of potential acquisitions and investment opportunities.

Please send full personal and career details including current remuneration level and daytime telephone number, in confidence to Stephen Wells, Burgess Daring Recruitment, at the address below.

BURGESS DARING
Recruitment
Upper 5th Floor, Royal Exchange, St Ann's Square,
Manchester M2 7EH.

GROUP FINANCIAL CONTROLLER-EUROPE

Milan Based **ACA/CPA** **cLIT. 180 Million (c£85,000)**

This Fortune 500 FMCG multinational have significantly grown their European operations and as a result a new position has arisen within the senior management team.

Individuals who enjoy substantial freedom in executing their responsibilities and have strong leadership skills will thrive within this corporate culture.

Based in Milan, and reporting to the Group Director the successful candidate will participate in and contribute to the development of the European group with current sales in excess of $250 m. This will involve the monitoring and control of the finance functions of a number of subsidiaries throughout the continent, and participation in the group's acquisition activity.

Major responsibilities will include the development of management information systems, accounting policies and reporting procedures.

Key candidate requirements in addition to being a graduate chartered accountant, CPA, or equivalent qualification will be;

- proven manufacturing accounting experience
- experience of working for a major international group.

The package will consist of a high base salary, substantial bonus, car and relocation assistance.

Interested applicants should telephone Jonathan Cohen on 071-437 0464 or write to him, enclosing a detailed CV, at the address below.

ROBERT • WALTERS • ASSOCIATES
RECRUITMENT CONSULTANTS
Queens House 1 Leicester Place London WC2H 7BP
Telephone: 071-437 0464

UK Credit and Treasury Manager
Swindon Based

Intel's business in the UK generated in excess of $200m revenue in 1989. The UK Credit and Treasury Manager with the team provide total professional credit management and treasury support to this business.

This is an excellent opportunity for a career minded individual to head up a function with the following objectives:

- Managing a dynamic credit group where an active contribution to business growth goes hand in hand with operation of our risk assessment and collection practices.
- Managing and forecasting cash positions and monitoring day to day bank relationships in the region.

This is a senior position reporting to a European HQ function as well as being part of the regional management team.

Background requirements include an appropriate degree level qualification with 3 to 5 years' relevant credit/treasury experience, including a period of supervising staff. Membership of the Institute of Credit Management is preferred.

The rewards include a competitive merit related salary, free private health and life assurance, profit sharing, stock participation plan and company car.

Please write, enclosing a current c.v., to Ray Withey, Intel Corporation (UK) Ltd., Pipers Way, Swindon, Wiltshire SN3 1RJ. Alternatively, phone for an application form on: (0793) 696633.

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QUALIFIED ACCOUNTANTS

W1

c.£30,000 + Benefits

Glaxo

Glaxo is an integrated research based group of companies whose corporate purpose is the discovery, development, manufacture and marketing of safe, effective medicines of the highest quality.

It is one of the world's largest and fastest growing pharmaceutical companies with sales exceeding £2.5 billion and profits in excess of £1 billion in 1989. Its shares are listed in London, New York, Tokyo and Paris.

The Group's strategic plan ensures it is well poised to develop through organic growth in the 1990s and beyond.

As a direct result of this expansion, a number of key positions have arisen within Glaxo's worldwide headquarters currently based in Central London, with planned relocation to prestigious offices in Greenford, Middlesex within 18 months. Specific opportunities exist for the following:

- SPECIAL PROJECTS
- FINANCIAL PLANNING/BUDGETING
- MANAGEMENT ACCOUNTS
- TAXATION

Aged to 33, candidates will be graduate qualified accountants, preferably with a minimum of 18 months post-qualification commercial experience. Exposure to PC based systems will be advantageous.

The Group actively encourages promotion from within based on previous performance. Opportunities for further development are unparalleled.

*To discuss this position in greater detail, contact **Jonathan Jones** or **Vanessa Coleman** on **071-629 4463**, evenings/weekends on **081-467 1408** or **0494 727284**.*

HARRISON WILLIS
FINANCIAL RECRUITMENT CONSULTANTS
Cardinal House, 39-40 Albemarle St., London W1X 3FD. Tel: 071-629 4463

Director

Printers' Charitable Corporation

- THE OBJECTS of the organisation are to provide support, advice, and practical or financial arrangements for present and former members of the printing industry and allied trades.
- RESPONSIBILITY is to the Chairman of the Council for all operations with particular emphasis on fund raising and the effective administration of a sizeable investment portfolio.
- THE NEED is for proven leadership skills and an impressive record of large scale fund raising activities.
- SALARY will not be a bar to suitable candidates. Age range 35-55. Location South East England.

Write in confidence, enclosing Curriculum Vitae, and quoting reference 7291/FT to:

TK
SELECTION

8 Hallam Street, London W1N 6DJ. Telephone 071-580 2924.
Fax: 071-631 5317

A DIVISION OF TYZACK & PARTNERS

Senior Internal Auditor

£24-28,000 Package + Quality Car M4 Location

- **With Computer audit experience**
- **A European/Worldwide Role**
- **A springboard opportunity with a high technology world leader**

Founded on a belief in excellence, our client is a high technology manufacturing and sales organisation with bases in Europe, The Far East and North America. This new position reports to the European Audit Manager and has broad based and exciting responsibilities involving:

- A wide range of financial, operational and computer audits.
- Ongoing support to external auditors, particularly on quarterly and year end reviews.
- A variety of adhoc assignments including fraud and high risk investigations.

Providing first class exposure to high levels of European and Worldwide Management, the role demands a solid audit background combined with the strength of personality to present findings and recommendations to senior level decision makers.

As a Chartered Accountant with a background of computer audit, you are seeking a stimulating environment, overseas experience and the opportunity to gain front line commercial experience. This opportunity is overtly viewed as a springboard to higher level positions and the initial rewards package includes excellent salary, bonus, profit share, pension scheme, BUPA and relocation assistance.

To make an immediate application, call Sue Kelly on Linkline 0800 269702 (weekdays 9.00am-5.30pm, Thursday until 7.00pm), or send your cv to Tony Clay, LINK Management Selection, 5 Queen Square, Bristol BS1 4JQ.

LINK

Telephone free of charge on LINKline 0800 269702

Finance Director Designate

Northern Home Counties,

£40,000, OTE, Car, Benefits

The company is the European leader in its market segment and has consistantly outperformed its competition over the last 5 years. Further substantial organic growth is planned to maintain and improve upon current levels of success.

A young entreprenurial Finance Director is now required to ensure strict financial management to support the companies growth. Reporting to the Managing Director your main responsibilities will be for the strategic financial planning and production of managerial control data from all disciplines within the company.

Ideally you will have gained experience outside a pure financial role and be able to demonstrate business acumen and commercial flair. An understanding of the retail or leasing sector would be an advantage as is an appreciation for computerised accounting and management systems.

You will require a strong and forceful character to see through concepts and strategies to their successful conclusion. Hard work and a hands on approach are the rule of the day with this fast moving and extremely positive company. consequently career opportunities and rewards are excellent for the right candidate.

Male or female candidates should submit in confidence a comprehensive c.v. or telephone for a Personal History Form to, *C. Jenkins*, **Hoggett Bowers plc**, *34 St. Peter's Street*, ST ALBANS, *AL1 3NA*, 0727-45677, Fax: 0727-48775, *quoting Ref: T11017/FT.*

Hoggett Bowers

BIRMINGHAM, BRISTOL, CAMBRIDGE, CARDIFF, EDINBURGH, GLASGOW, LEEDS, LONDON, MANCHESTER, NEWCASTLE, NOTTINGHAM, ST ALBANS, SHEFFIELD, WINDSOR and EUROPE

Financial Controller

To £35,000 plus car and benefits **Milton Keynes**

Lotto UK is the British subsidiary of Italy's largest sports company Lotto S.p.A.. An international group, Lotto has subsidiaries in six major European countries as well as the USA, and is considered to be one of the top 15 sports companies in the world. Although the group has diverse commercial interests, it concentrates on the design and production of soft sports goods and has attained a reputation in the sports shoe and sports apparel markets. The UK subsidiary was founded just over one year ago and has grown quickly expecting to report a turnover in the region of £5.5m this year.

In order to manage and control its continued growth, Lotto UK now needs to recruit a Financial Controller who will be solely responsible for all financial aspects of running the company. Reporting directly to and working closely with General Manager, the Financial Controller will be expected to contribute actively to management decision making. Specific duties will involve production of financial and management accounts, reporting results to the Italian parent, assisting with business planning and development and supervising the accounts team.

Candidates should be qualified accountants with at least two years' post qualification commercial experience. The ideal candidate will be commercially minded with a dynamic, flexible approach and the ability to communicate at all levels. Sound technical skills and interest in sport are considered essential for any candidate to be successful in this role.

A salary of up to £35,000 is offered together with a company car and the normal benefits for a position at this level. Relocation assistance will be provided if appropriate.

Please write, in confidence, to our recruitment adviser, Sean Connolly at the address below quoting reference SHA. 1483

STOY HAYWARD CONSULTING Horwath

8 Baker Street London W1M 1DA Fax: 071 487 3686 A member of Horwath International

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Edward Erdman is a leading international firm of professional property advisers active in all aspects of today's dynamic property industry. Employing over 450 professionals and support staff, Edward Erdman's head office is based in the West End with offices in Europe as well as the City, Leeds and Glasgow

FINANCIAL CONTROLLER INTERNATIONAL PROPERTY SERVICES

c. £45,000 + CAR + BENEFITS **LONDON**

Edward Erdman is currently undergoing substantial change, rapidly moving from a partnership to a corporate culture, so this position offers a challenging opportunity for a progressive, self motivated, commercially astute Chartered Accountant to support the development of the Group in the areas of financial control and management information.

Reporting to the Director of Finance you will be responsible for the financial and management accounting function of the company as well as the leadership of an accounts team of 11 staff. You will have day to day interaction with all the organisation's divisions, so you must be able to demonstrate well developed inter-personal and communication skills as well as strong technical and systems ability. Familiarity with French would be an advantage

This is a unique and exciting opportunity to develop into the corporate finance arena as the organisation develops, with immediate Director level status so it is likely that you will have top level experience, flair and tenacity.

Write enclosing your Curriculum Vitae to: Jane Budd, Recruitment and Personnel Manager.

Edward Erdman

· Edward Erdman · 6 Grosvenor Street · London W1X 0AD · Telephone: 071-629 8191

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C £25,000 p.a.

A Leader in Entertainment Software Development and Distribution

We are a London based subsidiary of a multi-national £1 billion turnover UK corporation specialising in the development and marketing of an exciting range of Entertainment Software products in the UK, Europe and the USA.

We are ideally seeking a person able to portray a background and experience in line with the following criteria:-

In line with the rapid expansion we are enjoying, i.e. a turnover of £0 to £7 million in five years, we require to appoint a Financial Controller who will be responsible for the whole of the company's accounting facilities including MIS computer systems.

- A qualified accountant i.e. ACCA,ACMA, or ACA with a minimum of three years experience working at a senior level within FMCG/Commercial environments.
- An understanding of the need for producing Management Information in line with predetermined timescales.
- The interpersonal skills necessary to work with all levels of management and staff.
- The ability to manage personnel engaged in supporting the company's financial accounting via computer based systems.

Ring our advising consultant MIKE THORNE now on 0444 415676, or at any time (including weekends/evenings), or send a copy of your CV to the address below. Arrangements will be made for you to attend an immediate interview at any convenient location.

LAMBLEY

PROFESSIONAL RECRUITMENT CONSULTANCY

1 Franklynn Suite, The Priory, Haywards Heath, West Sussex RH16 3LB

Telephone: (0444) 415676

FINANCE DIRECTOR

(Designate)

DEVON **£35,000 + Car**

Rockeagle, a highly profitable and expanding property development investment group requires a finance director (designate) to join their senior management team.

The role will include overall responsibility for the financial management and administration of the group and will involve project planning and corporate finance.

You will be a qualified financial manager, aged 30 - 50, with proven commercial skills and relevant previous experience in either the property development or construction industry is desirable. Flexibility, enthusiasm and the ability to work as part of a small but highly committed management team is essential.

Please send full personal and career details to:

Mr Mark Kay,
Managing Director,
Rockeagle Limited,
Mamhead House, Mamhead, Exeter, EX6 8HD

GROUP TREASURY MANAGER

London based

Negotiable remuneration package ***£38,000***

A nationwide organisation providing a wide range of design, project and maintenance management and estate surveying services has recently been reorganised and requires a Group Treasury Manager.

You will be responsible to the Group Finance Director for managing the Group's cash and borrowings and will maintain close liaison with the Group's bankers, ensuring that adequate credit facilities are always available to meet the needs of the Group.

You will advise the Group Finance Director on all aspects of financing policy and cash management and will ensure that adequate systems are in operation to forecast the cash needs of the businesses within the Group. You will also liaise with the Group Financial Controller on accounting issues and with Divisional Finance Directors on the management of cash within their businesses.

Motivation, self confidence and interpersonal skills will all be characteristics required to enable the successful candidate to operate in this changing and challenging environment. Applicants should be suitably qualified and have had experience of working in a similar capacity in a large organisation.

Please write, enclosing a detailed CV indicating current salary to Ms PM Dixon, Room 539, Lambeth Bridge House, Albert Embankment, London SE1 7SB. Tel: 071-238 4913.

INTERNATIONAL SERVICES MANAGER

Negotiable from £24,000 plus car, profit share & banking benefits. **Leeds**

Yorkshire Bank has a record of successful expansion. We are continually developing our services to meet the needs of our customers and changes in the banking industry. Currently we are expanding our international banking facilities and have created this challenging new position to head up the function.

Candidates should have wide experience of all facets of international operations including correspondent banking.

The successful applicant will be responsible for introducing new systems and developing existing resources. There will be opportunity for liaison with branches and visits to major customers. We shall, therefore, be looking for a capable administrator with strong managerial and interpersonal skills.

To apply for this key career position, write with full C.V. to Neil Sternbach, Manager - Personnel Selection

YorkshireBank

20 Merrion Way, Leeds LS2 8NZ.

We are an equal opportunity employer

N.E London Specialist Retailer PLC

Requires Ambitious Finance Controller Director Designate

Circa £35K

We are looking for a HIGH CALIBRE qualified Accountant,age 29-35, with excellent Technical background, varied commercial experience with leadership and communication skills.

In addition to being responsible for controlling the Financial and Administrative requirements the candidate would work closely with the Chairman and his team in the development of the business and increase its already dominant position in the sector.

Write to Box A881, Financial Times, One Southwark Bridge, London SE1 9HL

FINANCE DIRECTOR

c£26k inc Bonus + Car

Based at the Coventry H.Q.

Manufacturing

Our client, a £10m international business in precision engineering, is part of a fast expanding acquisitive PLC with exciting plans for further development and entry into new markets.

This post calls for a qualified Accountant, Chartered or Cost and Management, to play a key role in the introduction of a new computerised financial and management information system.

Candidates must understand the financial, commercial and production aspects driving a manufacturing business.

The salary will be around £26k including bonus, quality car, pension and health care schemes.

Please reply in writing enclosing full CV to: Appointments Manager, Severn Advertising, Severn House, 30 Ombersley Street West, Droitwich,Worcs WR9 8QX.

Applications will be acknowledged and forwarded immediately to our client. Please indicate separately if there are any companies to whom your application should not be sent.

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FINANCE MANAGER

Demanding new role in financial services

Age 27-35 **£30-35k package**
West Yorkshire **+ car + benefits**

Our client is a leading name in the financial services sector. It has been increasingly successful in recent years through positive marketing and a firm commitment to customer service, allowing it to grow rapidly and profitably. With the support of sophsticated MIS, it has responded quickly to a dynamic marketplace. The pace of change has now created the need for a talented, ambitious professional to join the senior financial team.

Reporting directly to the Finance Director, your role will have several facets. Your main aim will be to introduce advanced controls and a more commercial approach to the departments you manage, comprising some 35 staff. The nature of the business necessitates a fast reaction to situations as they arise, and the development of effective solutions. Further computerisation, statutory reporting and ad hoc feasibility studies are other recurring features.

This is a high profile role. You will need to have a quick thinking and logical approach to the business, strong man-management skills and be a fluent communicator, as you will frequently interface with the Board and other disciplines.

You will be a qualified Accountant, either directly from the profession or pursuing a successful career in commerce/industry. If you enjoy a fast-moving, demanding environment, this move could reward you with excellent future prospects.

Please reply to Jackie Hardisty or Lawrence Barnett at our Leeds office on 0532 446611 quoting ref LD239

ASB RECRUITMENT LTD

Quebec House, Quebec Street, Leeds LS1 2HA. **Tel: 0532-446611** Fax: 0532 446140

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Head of Financial Consultancy

Northern England — to £60,000 + Car

Our client is a major international management consultancy practice with an enviable reputation for excellence. Sustained growth throughout the North of England has created a rare opportunity to join this prestigious firm at senior management level.

The requirement is for an outstanding consultancy manager to further develop the existing financial consultancy practice which already has a significant market presence. The firm's broader consultancy activities include Marketing, I.T., Human Resources, Manufacturing and Distribution consultancy services.

The major responsibilities of the position will include the initiation and development of business, assignment management and the leadership, motivation and development of a team of 20 high calibre consultants. Existing clients range from small and medium sized companies to major international groups across a variety of business areas, including the public sector. Assignments are likely to focus on business planning, cost management systems, financial control and financial reporting systems.

Candidates, aged 30 to 45, must be qualified accountants of graduate intellect, who can demonstrate a strong track record of achievement gained in either industrial or public sector financial management, coupled with a minimum of three years' management consultancy experience. Strong communication skills, self-motivation, energy and achievement orientation are prerequisites of the appointment.

The salary is negotiable to £60,000 and there is a comprehensive benefits package, including relocation assistance where appropriate. There is considerable scope for advancement, both nationally and internationally.

Interested applicants should forward a comprehensive curriculum vitae, quoting **Ref: 2626, to Alan Dickinson ACMA, Michael Page Finance, Executive Division, 39-41 Parker Street, London WC2B 5LH. Telephone 071-831 2000 (office) or 023065 448 (weekend).**

MP

Michael Page Finance

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PQE

SURREY — to £40,000+car

Finance Controller

Fast-moving service plc offers an opportunity to manage a substantial finance function. The full range of financial and management accounting skills will be utilised, with credit control an important feature. Currently this multi-site business is increasing investment in I.T. - particularly micro systems. Ref: 98049

Contact the PQE Specialist advising on this appointment at 76 Cannon Street EC4 on 071-489 0403

FIFE — c£26,000+car

Financial Controller

Manufacturing subsidiary of a major UK national is offering an exceptional opportunity to head the finance function. As decision maker, you will be responsible for strategic planning, general management and have a team of about 20 staff reporting. The extensive benefits package will include a company car, profit share and full relocation. Ref: 82375

Contact The Manager at 13 Frederick Street, Edinburgh 031-226 3686
Or the PQE Specialist advising on this appointment on 071-489 9997

WINDSOR — £40,000

Management Consultant

As a key representative of a world-leading firm, you will embrace a richly rewarding role involving business planning, MIS system analysis, selection and implementation and advanced costing in predominantly blue chip automated manufacturing environments. A wonderful opportunity to be creative, to sell your ideas and then project manage them to fruition. Ref: 66507A2

Contact the Manager at 9 Peascod Street, Windsor 0753 851447
Or the PQE Specialist advising on this appointment on 071-489 9997

KENT — c£27,000+car

Cost/Management Accountant

Initially reviewing and updating the computerised manufacturing and distribution systems, this expanding manufacturing and pharmaceutical group offers a broad role in its cost and financial affairs. Duties range from monitoring capital expenditure, budgets and forecasts to project analysis. Career progression is encouraged. The superb benefits include share options, life assurance, BUPA and relocation assistance. Ref: 16261PA

Contact The Manager at 104 The Broadway, Bexleyheath 081-304 8211
Or the PQE Specialist advising on this appointment on 071-489 9997

HARLOW — £29,000

Divisional Controller

As Divisional Controller within this hi-tech organisation you will be involved with control of monthly reports and maintaining and improving costing systems. This is a high-profile role and would best suit a Fully Qualified Accountant with commercial awareness. Benefits to include 5 weeks' holiday and executive company car. Ref: 46A120L

Contact the Manager at 35 Cranbrook Road, Ilford 081-478 0061
Or the PQE Specialist advising on this appointment on 071-489 9997

LUTON — to £30,000+car

Financial Director Designate

This is a superb opportunity to lead the finance function of one of the main manufacturing subsidiaries of an exciting and progressive group. As well as controlling the UK side, you will also be able to enjoy some European travel and director-level benefits, together with further prospects within the group. Ref: 881702

Contact The Manager at 462 Midsummer Blvd, Milton Keynes 0908 660061
Or the PQE Specialist advising on this appointment on 071-489 9997

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(24 hour answering service)

REED... accountancy

RETAIL TREASURER

c.£28K + 2 LITRE CAR + BENEFITS
WEST OF LONDON

As the main trading subsidiary of the Argyll Group, Safeway plc has grown to be one of Britain's most dynamic food retailers. Recently published results have shown a 12% increase in turnover to £4.1 billion and a 27% increase in pre-tax profits to £227.5 million.

Reporting to the Financial Controller, the role is wide-ranging covering all aspects of cash control from store takings to a daily Treasury function and company cash flow. You will be responsible for devising solutions which minimise banking costs and maximise interest earnings. You will also have the freedom to investigate how technology, such as EFTPOS and developments in electronic banking, impacts on profitability.

Ideally we are looking for a qualified accountant with approximately 2 years' post qualification experience. However, we will consider someone who is qualified by extensive experience. Either way, you must have excellent organisational and administrative skills and be a first-class communicator.

As you will be liaising at a senior level across the Company, your contribution will be clearly visible. Prospects are excellent and there is ample scope to progress within the finance division and throughout the business.

Please write with CV and current salary details to: Mrs P Taylor, Personnel Manager, Safeway plc, 6 Millington Road, Hayes, Middlesex UB3 4AY. Tel: 081-756 2131.

SAFEWAY

Bata

The Bata Shoe Organisation is the leading marketer and manufacturer of footwear, with more than 6000 stores and 70 factories, employing 70,000 people around the world

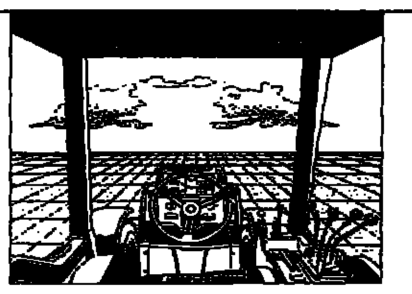
Bata Nigeria Ltd, is a public company, employing approx. 1500 people, manufacturing leather, canvas and direct Injection Footwear. Its Marketing activities consists of retail, wholesale and dealer operations.

CHIEF FINANCIAL OFFICER

- *Preference will be given to candidates with a university degree related to Finance and Administration and C.A. or equivilant designation*
- *The candidate should have a minimum of 5 years experience, preferably at an international level*
- *This is an interesting opportunity for a self-starting professional who see's a challenge in working in an international environment.*

The company offers commensurate remuneration and attractive benefits package along with good career opportunities with the Bata Shoe Organisation

Please write to: Bata Nigeria Ltd., c/o Mr. J. Graham, Managing Director, The British Bata Shoe Ltd., East Tilbury, Grays, Essex. RM18 8RL ENGLAND



DRIVING YOUR FUTURE

Subsidiary of a powerful American group TENNECO, we are one of the world leaders in construction and agriculture equipments. In the framework of our development on the European market, we are seeking

BUSINESS AUDIT
(EUROPE)

DONCASTER.........OR........NEUSS................OR...............NEAR PARIS...............
ENGLAND...........................GERMANY...........................FRANCE.........................

Traditionally, auditing has played a somewhat backroom role. At JI. Case however, audit advice and operational review are key elements of management and business planning at the front line of business, providing a pro-active advisory/support service - not just following on behind.

If you have the technical expertise and interpersonal skills to thrive in this environment, you could join this USD 5.8 billion international company as an international audit professional.

Your brief will be to assist our european operations in the identification and implementation of a range of business/financial solutions. Not just strategy and planning, but also hands-on practical involvement, working closely with operating management.

In selection therefore, we 'll be looking for qualified, self-motivated financial professionals with demonstrable manufacturing expertise (plant, machinery, automotive, steel etc) ; fluency in english and either french or german.

The salary, benefits and relocation packages will not deter exceptional candidates.

Case Poclain S.A.

J I Case
A Tenneco Company

Please send your CV in confidence to Philippe Hans, CASE POCLAIN S.A. Avenue Georges Bataille - 60671 LE-PLESSIS-BELLEVILLE, FRANCE.

CONTESSE

GROUP FINANCIAL DIRECTOR

West Yorkshire — £40,000-£45,000 + Car + Benefits

This appointment is with an established and successful PLC engaged in the manufacture of high quality consumer products. The company has diversified significantly in recent years and is proud of its progressive and innovative approach.

The Group Financial Director is a key member of the senior management team and reports to the Group Chief Executive. Responsibility will be for the accurate provision of detailed financial and budgetary information to the Board, resourcing of the Group's funding requirements and generally ensuring that the accounting function through the Group is effectively managed and maintained.

Personal qualities are important and must include the ability to relate well to people and communicate effectively at all levels. The successful applicant is likely to be aged 35+, of above average technical ability (probably graduate Qualified Accountant) and have a commercial and creative flair to a business which is constantly changing within a competitive environment.

In the first instance, please write to Brian Daniels, Managing Director, quoting ref: 90L/3892FT at Daniels Bates Partnership Ltd., Joseph's Well, Hanover Walk, Park Lane, Leeds LS3 1AB.

Daniels Bates Partnership
PROFESSIONAL RECRUITMENT

Leeds (0532) 461671 Grimsby (0472) 251180
Sheffield (0742) 754015 Cardiff (0222) 225512
Manchester (061) 835 3311 York (0904) 612615
Nottingham (0602) 483321
Darlington (0325) 485992
Middlesbrough (0642) 248111
Aylesbury (0296) 393040
Hull (0482) 26382

Executive Recruitment

Financial Services — Edinburgh

Following a buy-out in 1988, ASA International has become Scotland's largest recruitment consultancy and an acknowledged leader in the Financial Services sector.

The time has come to appoint an experienced search and selection consultant as head of our Financial Services division based in Edinburgh. This is a key appointment within ASA.

For a strictly confidential discussion, write or telephone to: Mr Ian Willet, Managing Director, ASA International Ltd, 63 George Street, EDINBURGH EH2 2JG Tel: 031-226-6222

ASA International

ASA INTERNATIONAL

NETWORK
ACCOUNTANCY
RECRUITMENT CONSULTANTS

Financial Director Wiltshire
To £40,000 + Car + Benefits
Working for this Swindon based national market leader, keeping in close liaison with both the Chairman and Managing Director, you will be a fully qualified A.C.A. with engineering/manufacturing experience. Taking fully responsibility for the financial function as well as contributing to the planning and growth of the company. you will be under 45 years of age. (Our Ref: SAN 2102).

Qualified Highflier/ P.A. to Chairman Wiltshire
To £30,000 + Car
Required for this commercial appointment with a prominent, national leader, current turnover £200m. Recently qualified, seeking a move into a non-routine accounting role, you will be of the highest calibre, an energetic, good all rounder possessing the confidence and capability to make a real impact on business performance. Languages an advantage (but not essential). (Our Ref: SAN 2067).

Please contact Catherine Wood BSc in the strictest confidence to discuss these and other vacancies.

ALEXANDER HOUSE
19 FLEMING WAY
SWINDON
WILTSHIRE SN1 2NG
TELEPHONE 0793 612222
FACSIMILE 0793 542554

RADLEY COLLEGE

BURSAR

Applications are invited for the post of Bursar and Secretary to the Governing Council on the retirement of Mr M M Jones MA ARICS in 1991. It is intended that the new appointment should run from 1st April 1991 and overlap with the present Bursar for one term.

Duties include the management of the day to day finances of the College, budgetting and reporting to the Council, and the supervision of buildings, all equipment, grounds, playing fields and the College estate.

The successful candidate will almost certainly be a graduate or hold an equivalent qualification and will be not more than 55 years of age.

Particulars may be obtained from:
The Chairman of the Council,
c/o The Bursar, Radley College,
Abingdon, Oxon, OX14 2HR

to whom applications should be addressed.

Closing date for applications is:
10th September 1990

A LONDON MANAGEMENT CONSULTANCY OFFERS EXCITING OPPORTUNITIES AND COMPETITIVE RENUMERATION FOR PROFESSIONALS EXPERIENCED IN:

ACCOUNTING
- Accountants with fraud and liquidation expertise.
- Qualified / experienced accountants.

SECURITIES
- Individuals with general operations expertise at all levels.
- Individuals with share registrar and transfer experience especially at a senior managerial level.
- Individuals with Unit Trust administration expertise.

Please write to Box No. A866, Financial Times, One Southwark Bridge, London SE1 9HL

BROOKS

ROBERT BROOKS (AUCTIONEERS) LIMITED

COMPANY ACCOUNTANT / FINANCIAL CONTROLLER

Due to rapid expansion, Robert Brooks, one of the worlds leading vintage car auctioneers, requires a Company Accountant / Financial Controller to oversee all financial aspects of this dynamic auction house.
Reporting directly to the board, the ideal candidate will have developed good financial, management and communication skills within a commercial environment.
The minimum qualification will be either ACCA or ACA with two years PQE.
The successful candidate can expect a competitive salary with a company car.
Please write enclosing a full CV, to Robert Brooks at Robert Brooks (Auctioneers) Limited, Dept FT1, 81 Westside, London SW4 9AY.

FINANCE MANAGER
London N.19 c. £28,000 + car

Our client is a supplier of temporary personnel to the building, electrical and mechanical market sectors, and also has plans to diversify into other areas.

They are seeking to recruit a Finance Manager, reporting to the Managing Director, who will run the Company's day to day financial operations.

The successful candidate will ideally be a young computer literate qualified accountant, who has some experience in the field of credit control. You will have a confident, assertive personality, and possess strong communication skills.

Please send your C.V. with salary history to Mr. C.D. Carr.

Fraser & Russell
Chartered Accountants
Corporate Development Service
4 London Wall Buildings
Blomfield Street, London EC2M 5NT.

Financial Director
Engineering Group
South Africa

Part of a British multi-national engineering group, the South African operations consist of 6 companies, with a turnover of approximately £30m. Based in Jo'burg, the Financial Director will be a member of the head office management team, with full responsibility for the financial and IT functions. Key tasks will include evaluation and negotiation of acquisitions, tax planning, treasury management, financial and systems restructuring. Candidates must be graduate chartered accountants (CA or CMA), probably in their late 30s, who have both management and financial accounting experience, ideally gained in a manufacturing environment. This is a very broad role requiring someone with strong commercial orientation and first class accounting skills. Base salary indicator is c.£40,000 plus normal executive benefits. 3 year contract; guaranteed return; potential for group career opportunities. Please reply in confidence with full career details to Peg Eva, as adviser to the company at Selection Thomson Ltd., 24-25 New Bond Street, London W1Y 9HD or 14 Sandyford Place, Glasgow G3 7NB.

Selection Thomson
London and Glasgow

International Manager – Operational Consulting/Financial Audit

GE (USA) is one of the world's largest diversified manufacturing, technology and service companies with $50 billion revenue; $3.4 billion earnings and 13 major businesses.

Train in US/Europe for 9 months

As a key player in the GE Corporate Audit team which is the training ground for top management, you will either be qualified as an accountant (with or without an auditing background) or have a economics degree and/or an MBA, and certainly have a second European or Asian language. You must also have at least 3 years' post qualification experience including one year in a management role.

£35,000-£45,000 plus car

As the successful candidate you will manage a diverse and multi-national group and be responsible for:

Based London W6

Financial Audit • Worldwide • Dealing with all our major businesses • Covering all financial cycles.
Operational Consulting • Wide variety of reviews on product quality, new product introduction, factory management and customer satisfaction • Using a team approach with local management to produce results.
Special reviews • Mergers, acquisitions and disposals • Other ad hoc projects.

50% worldwide travel

Moved into line management with 2-2½ years

As well as a competitive salary, we offer other benefits associated with a highly successful company including contributory pension scheme, free medical insurance and 25 days' annual holiday.

Please send your c.v. to Peter M. Robinson, Manager – Human Resources, General Electric Company (USA), Shortlands, Hammersmith, London W6 8BX.

GE (USA)

**Not associated with the English company of a similar name.*

MANAGING DIRECTOR
BUSINESS TO BUSINESS SERVICES

SOUTH WEST LONDON c80K including performance bonus and benefits

Your financial awareness combined with a marketing led approach to general management will provide the necessary background within this autonomous PLC subsidiary.

Operating in a competitive marketplace, through an already extensive local branch network, you will have the opportunity to expand the business through your vision, leadership and strategic approach.

You will be joining a team in which all the people are key, and where flair and forward thinking are both expected and encouraged.

Your application, including a full CV with your current reward package and a contact telephone number, should be forwarded to:

Stewart George, Director – Human Resources,
Reed Executive PLC,
114 Peascod Street, Windsor, Berks SL4 1DN.

REED
Reed actively promotes Equal Opportunities.

FINANCIAL CONTROLLER, EUROPE
C.£30,000 pa. + CAR

Our client, one of the fastest growing divisions of a major service industry group, is already well established in Europe. Subsidiary company and joint venture operations account for an increasing share of divisional revenue and this has created the need to strengthen the financial team.

Reporting directly to the Finance Director, the role encompasses all aspects of financial control for operations in mainland Europe, including reporting systems, analysis and comment on trading results, profitability reviews and acquisition and joint venture proposals.

We seek a self-motivated, qualified accountant, probably aged 30+, with highly developed communication skills and the ability to motivate and influence those over whom he has no direct authority. Ideally from a service industry background, actual experience of living and working in Europe, and fluency in at least a second language is highly desirable. Experience of acquisitions, particularly in Europe, would be an asset, as would some familiarity with contract and price negotiation.

The range of benefits is excellent and definite opportunities exist for career progression within the Group.

Please write with full c.v., quoting Ref: E.225, to:-

EXECUTIVE 2000, SUTTON PARK HOUSE,
15 CARSHALTON ROAD,
SUTTON, SURREY SM1 4LE.

EXECUTIVE 2000
SEARCH AND SELECTION

Group Financial Controller (UK)

For a world leader in consumer products with sales in excess of £3 billion, renowned internationally for its marketing skills and innovation.

- RESPONSIBILITY is to the Managing Director in the United Kingdom for financial planning, control, analysis and treasury.
- THE NEED is for a graduate accountant, fluent in French, with not less than five years experience in a multinational f.m.c.g. environment.
- LOCATION — London; preferred age 30.
- SALARY — c.£40,000 plus performance bonus and substantial benefits.

Only candidates with an outstanding record to date and potential for further significant promotion should apply.

Write in confidence, enclosing Curriculum Vitae, and quoting reference 7295/FT to:

TK
SELECTION

8 Hallam Street, London W1N 6DJ. Telephone 071-580 2924. Fax: 071-631 5317

A DIVISION OF TYZACK & PARTNERS

FINANCE MANAGER

South Midlands £25,000 basic + car
Plus M.B.A.
Study Assistance.

Our client, a £100m t/o manufacturing subsidiary of a £1bn+ plc, has recently completed a two year exercise of upgrading all its systems which has already significantly contributed to an enormous improvement in its bottom line and customer service.

It now wishes to appoint a pro-active finance manager to work closely with departmental managers in other disciplines to ensure that the maximum benefit of the systems' changes are realised. Other responsibilities include managing and directing a department of 30 which has won a prestigious training award for the last three years.

To be successful in your application you must be qualified, aged 28-40 with well-rounded technical skills and relevant manufacturing experience. You will also be highly articulate, commercially sensitive and probably aspire to general management.

We see this as an excellent opportunity to develop not only a broader understanding of manufacturing, but also to improve your academic breadth.

To apply, please contact Chris Davis on 021 233 0101 or write to him at the Birmingham Office.

ASB
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Wellington House, 34 Waterloo Street, Birmingham B2 5TJ. **Tel: 021-233 0101**
Fax: 021-233 0027

Also at: Leeds, Liverpool, Manchester and Nottingham

A Division of ASB Barnett Kinnings Plc

Finance Manager
Bucks c £30,000 + car

Our client is the automotive subsidiary of a dynamic £2 billion turnover international group whose interests also include aerospace and industrial systems. They have a major presence in Europe and deal with most vehicle and engine manufacturers. The aftermarket operations division is a substantial contributor to corporate profitability and one of its key units is the diesel parts and service operation located in Buckinghamshire. The unit, which has a turnover in excess of £76 million, seeks a Finance Manager in his or her late 20's or early 30's whose key tasks will be:

- To ensure compliance with statutory accounting requirements and provide timely and meaningful management information.
- To work with senior management on business plans, forecasts and budgetary control.
- To assist in the development of the business on a European and international basis.

The successful candidate will be a qualified accountant with at least 4 years post qualification experience, preferably in a manufacturing environment. Some years responsibility for accounting and management reporting in a medium sized business unit is essential. A facility with one or more European languages will be an advantage.

This is a senior management appointment with an attractive benefits package which will include relocation assistance in appropriate circumstances.

Write in confidence to John Gregory at JC&P, Brickhill House, 701 South Fifth Street, Witan Gate East, Central Milton Keynes, MK9 2PR, demonstrating your relevance clearly and quoting reference 5208/FT.

John Courtis & Partners
Search and Selection

AAA-rated City

The London Branch of BAYERISCHE LANDESBANK is recruiting an

Internal Auditor

The right candidate will be a recently qualified ACA with bank/financial institution audit experience, excellent interpersonal skills and an ability to work on own initiative, reporting directly to Branch Management and Head Office.

We are offering good long-term prospects and a competitive, negotiable remuneration package.

Please reply with CV giving full details of career to The Personnel Manager, Bayerische Landesbank Girozentrale, Bavaria House, 13/14 Appold Street, London EC2A 2AA.

Bayerische Landesbank
Girozentrale